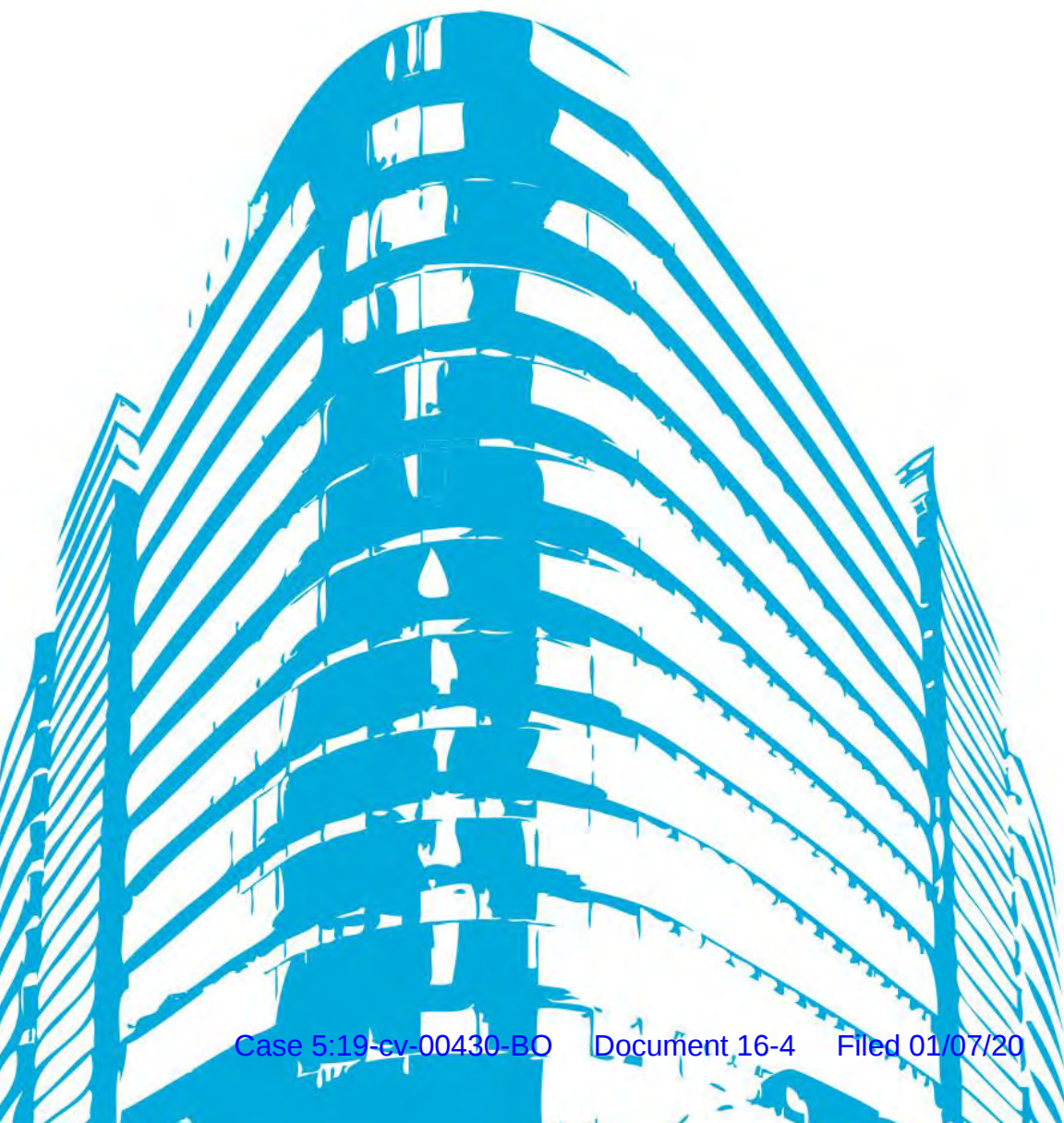


EXHIBIT C

CONTRACT DOCUMENTATION



Date: 5 May 2017

Our Contact: Frank Bonsu

Rutherford International,
Thomas Rutherford Inc,
Suite 800,
1001 Haxall Point,
Richmond,
VA 23219 USA.

EOC No: DC1703690

Evidence of Cover

Dear Sirs,

Insured: US Tobacco Cooperative Inc and/or Stabilization Corporation and/or Tobacco Growers Services Inc and/or U.S. Flue-Cured Tobacco Growers Inc and/or Big South Distribution, LLC and/or US Tobacco, Premier Manufacturing, Inc and/or Franchise Wholesale Company, LLC d/b/a Wildhorse Distributing and/or King Maker Marketing Inc.

Period: Open Cover to take all insurances attaching hereto on or after 30 April 2017 at 00:01 hours Local Standard Time at the "Address of the Insured" defined above herein. The anniversary date of this contract is deemed to be 30 April 2018 at 00:01 hours Local Standard Time at the "Address of the Insured" herein.

Type: Marine Stockthroughput Insurance.

Order Hereon: 100.00% part of 100.00% of the Limits of Liability

In accordance with your instructions, we have effected insurance for your account as set in the attached Contract DC1703690 (44 pages), plus copy attachments as referenced within the information section of the Contract. Additionally copies of the relevant Institute Clauses as referenced within the aforementioned Contract are also attached.

Our Debit Note reflecting the premium due for the insurance is additionally enclosed for your attention. In order to meet the premium payment terms set by Insurers, the premium needs to be paid to us by no later than the date set out in the Debit Note.

Please note if individual Insurers impose their own line subjectivities these are expressed in the document below.

Page 1 of 4

The St Botolph Building T 44(0)20 7466 6500
138 Houndsditch F 44(0)20 7466 6565
London EC3A 7AW www.lloydandpartners.com



Continuation of Evidence of Cover No. DC1703690 dated 5 May 2017

Security Schedule

Insured with:

100% of 21.739%

100.000%	Lloyd's Syndicate 1225 AA1127225
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100.000%

100% of 78.261%

20.000%	Lloyd's Syndicate 2001 AA1128001
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14.634%	Lloyd's Syndicate 4444 AA1130444
---------	-------------------------------------

10.244%	Lloyd's Syndicate 2003 AA1128003
---------	-------------------------------------

8.780%	Lloyd's Syndicate 4472 AA1126006
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5.854%	Lloyd's Syndicate 4000 AA1126005
--------	-------------------------------------

8.780%	Lloyd's Syndicate 2121 AA1128121
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5.854%	Lloyd's Syndicate 5151 AA1120080
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2.927%	Lloyd's Syndicate 1200 AA1127200
--------	-------------------------------------

5.000%	Lloyd's Syndicate 1686
--------	------------------------

5.000%	Lloyd's Syndicate 4444 AA1130444
--------	-------------------------------------

5.000%	Lloyd's Syndicate 33 AA1126033
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5.000%	Lloyd's Syndicate 1301 AA1127301
--------	-------------------------------------

2.927%	Lloyd's Syndicate 1301 AA1127301
--------	-------------------------------------

100.000%

This Security Schedule has been prepared by us for your ease of reference to identify the subscribing Insurers and their respective participations as a percentage of our whole on the above referenced insurance contract. Please note that this schedule is not authorised by the subscribing Insurers.

Continuation of Evidence of Cover No. DC1703690 dated 5 May 2017

Reminder: Duty of Disclosure

Under the laws of England and Wales, Scotland and Northern Ireland, Lloyd & Partners has a duty to remind you of a policyholder's (and its insurance agent's) duty to make a fair presentation of the risk, and to disclose all material circumstances, and the consequences of not doing so. It is necessary to disclose all information which would influence the judgement of a prudent insurer in determining whether or not to accept a risk, and upon what terms. Failure to comply with this duty may give the insurer the right to void the policy from its inception, or to impose different terms, or to reduce the amount paid on any claim. If your contract is not subject to such laws, your duty of disclosure and the consequences of its breach may vary from that stated above.

For further information please refer to our Business Protocol document which can be found online at <http://www.lloydandpartners.com/business-protocols> and if any further material requires to be disclosed or if you have any question as to what should be disclosed please refer to your normal Lloyd & Partners contact.

We would ask you to examine the enclosed documents carefully and if for any reason they are incorrect contact us immediately.

Yours faithfully,
For and on behalf of Lloyd & Partners



Authorised Signatory

Continuation of Evidence of Cover No. DC1703690 dated 5 May 2017

Risk Details

Policy No B1353DC1703690000		1353 LNP
MRC		BKR
		<i>JA</i>
		DATE
Insured/Reinsured US Tobacco Cooperative Inc		
Period		
For LPSO use		
For IUA use		
For LIRMA use		

Risk Details

**Unique Market
Reference:**

B1353DC1703690000

Type:

Marine Stockthroughput Insurance.

Insured:

US Tobacco Cooperative Inc and/or Stabilization Corporation and/or Tobacco Growers Services Inc and/or U.S. Flue-Cured Tobacco Growers Inc and/or Big South Distribution, LLC and/or US Tobacco, Premier Manufacturing, Inc and/or Franchise Wholesale Company, LLC d/b/a Wildhorse Distributing and/or King Maker Marketing Inc. and/or Associated and/or Affiliated and/or Interrelated and/or Subsidiary Companies and/or Corporations as they now are or may hereafter be created and/or constituted and/or acquired and/or for whom the Insured receive instructions to insure and/or for whom the Insured have or assume a responsibility to arrange insurance, whether contractually or otherwise, as their respective rights and interests may appear hereinafter known as the Insured.

Loss Payee

In accordance with the Insured's business requirements it is agreed that Banks and/or mortgagees and/or lenders and/or similar interested parties are to be automatically included as Loss Payees herein as their respective rights and interests may appear in the subject-matter insured but only in so far as losses may be recoverable under the terms and conditions agreed herein. Details of such loss payee interests to be advised to and retained in the files of Lloyd & Partners.

**Address of the
Insured:**

PO Box 12300
Raleigh
NC 27605
USA

Period:

Open Cover to take all insurances attaching hereto on or after 30 April 2017 at 00:01 hours Local Standard Time at the "Address of the Insured" defined above herein. The anniversary date of this contract is deemed to be 30 April 2018 at 00:01 hours Local Standard Time at the "Address of the Insured" herein.

It is agreed that notwithstanding anything contained herein to the contrary that cover hereunder may be extended for up to three months, if required, subject to the agreement of the Slip Leader.

GJL/FB2/4 April 2017/DC1703690DZG

Internal Use Only

dzg Case 5:19-cv-00430-BO Document 16-4 Filed 01/07/20 Page 8 of 70

This Contract may be cancelled either by the Insured or by the Insurers, by one party giving to the other, 90 days notice in writing to expire at Any Time, but seven days notice at any time in respect of War, Strikes, Riots, Civil Commotions and Malicious Damage Risks except in respect of sendings to or from United States of America, when Strikes, Riots, Civil Commotions and Malicious Damage Risks will be subject to forty eight hours notice of cancellation. Notice, if given, not to apply to any risks which shall have commenced or been declared prior to termination of period of notice.

The above notice period is amended to 10 days at the sole option of the Insured in the event of any Insurer hereon ceasing to underwrite new insurance business or otherwise implementing any plans to enter into a run-off position. Such notice is only given in respect of the named Insurer with such Insurer agreeing to return to the Insured any annual premium payable hereunder on a pro-rata basis calculated from the effective date of the cancellation specified in the notice.

Conveyance: Any conveyances - Land, Water including Barges and Air.

**Situation /
Geographical
Areas:**

At and from any Port or Ports, Place or Places in the World to any Port or Ports, Place or Places in the World, including domestic and/or internal transits and storage.

Interest:

On Goods and/or Merchandise of every description consisting principally of but not restricted to leaf tobacco, cigarettes, tax stamps, blending rag tobacco, tobacco seeds and fertilizer and/or all other interests including raw materials and semi-finished goods handled by the Insured in the course of their business and/or in the care, custody and control of the Insured whether in transit (including domestic and internal transits) or store or elsewhere anywhere in the World - shipped in and/or over. Further including Increased Value whether by reason of liability for and/or payment of freight and or duty and/or any other charges on arrival or otherwise.

Further including, while in the ordinary course of transit, Personal Property of every type and description including Fixtures and Fittings, Improvements and Betterments, Machinery and Equipment, E.D.P. Equipment and Media owned by the Insured and/or Property of Others in the care, custody and control of the Insured and/or for which they are liable.

**Limits of
Liability:**

USD 30,000,000 any one Vessel, Aircraft, Postal Sending, Conveyance, or any one loss any one Location and separately any one event in respect of Warehouseman's Legal Liability.

Or equivalent in any other currencies**Basis of Valuation and Loss Settlement****Goods and/or merchandise and/or property:**

Invoice plus all charges not included in such invoice, including any prepaid or advanced or guaranteed freight, if any, plus 10% until declared and then at the amount declared provide such declaration is made prior to any known or reported loss or accident, but in no event to be less than foregoing.

In the absence of an invoice, goods and/or merchandise and/or property shall be valued at the sound market value at destination on the date of shipment less any charges saved

Finished goods (Leaf tobacco, Cigarettes, Cigars and other products) and/or merchandise shall be valued at selling price including any federal, state and local taxes applicable at the time of loss

Location / Warehouse:

Leaf Tobacco in various forms including processed and semi processed tobacco and finished goods including cigarettes shall all be valued at:

Selling price as evidenced by records of the Insured excluding taxes or actual cost which includes all incurred expenses and processing charges at the time of loss, whichever the greater.

Notwithstanding the above goods and/or merchandise at distributing locations shall be valued at selling price including any federal, state and local taxes applicable at the time of loss.

Containers, packing materials, and any other goods and/or merchandise and/or property shall be valued at Replacement cost."

Cargo/Warehouseman's Legal Liability:

Goods and/or merchandise and/or property shall be valued at the amount for which the Insured is legally or contractually liable but not to exceed replacement cost of the goods and/or merchandise and/or property insured hereunder.

Conditions:

Subject to the American Institute Cargo Clauses (Sept. 1, 1965) 32B-10 but with Clause No. 3 amended to read as follows:

"Against all risks of physical loss of or damage to the subject-matter insured from any external cause".

Including War risks subject to the American Institute (AIMU) War Risk Only Open Policy (Cargo) (December 2, 1993) but average payable irrespective of percentage, the limitations in Clause 4 therein prevailing notwithstanding any provision whether written, typed or printed in this Contract inconsistent therewith.

Including Strikes risks subject to the American Institute (AIMU) S.R. & C.C. Endorsement (Form No. 10) (December 2, 1993), average payable irrespective of percentage.

Access to Property

It is understood and agreed that should any governmental or civil authority deny the Insured access to subject-matter insured hereunder, as a result of damage to a building and/or structure and/or conveyance in which it is held from a peril insured against hereunder, such subject-matter insured which cannot be retrieved shall be considered a total loss under the terms of this insurance contract.

Any salvage from subject-matter insured as described above shall be for the benefit of Insurers.

Accumulation Clause

Should there be an accumulation of interest beyond the limits expressed in this Contract by reason of any interruption of transit and/or occurrence beyond the control of the Insured, or by reason of any casualty and/or at a transshipping point and/or in a connecting vessel or conveyance, then, provided notice is given to the Insurers as soon as known to the Insured, the Insurers shall be liable for the full amount at risk, but in no event shall they be liable for more than twice the Contract limit.

Apportionment Of Recoveries Clause

Where a recovery is obtained from a carrier or other third party, such recovery shall be apportioned between the Insured and the Insurers in the same proportion as the respective parties hereto have borne the loss.

Attachment and Termination of Cover

Notwithstanding the provisions of the American Institute Cargo Clauses (Sept. 1, 1965) 32B-10 and the American Institute (AIMU) S.R. & C.C. Endorsement (Form No. 10) (December 2, 1993), it is agreed that the "Duration of Cover Clause" herein is deemed paramount with regard attachment and termination of cover except for War and Terrorism risks defined by the relevant War and Terrorism Clauses, the limitations therein prevailing other than with respect to floating storage operations.

Automatic Acquisition Clause

It is agreed that this Contract automatically provides cover for the subject matter insured whilst at locations not advised at the inception of this Contract and/or whilst at newly acquired and/or utilised locations. It is further agreed that new corporate acquisitions and/or partnerships and/or joint ventures and the like are automatically covered hereunder.

Brands Clause

The Insured shall have full rights to possession of all goods bearing embossed or indented brands or labels or other permanent markings and/or packed within trade marked cartons identifying the Insured as the manufacturer thereof, or the sale of which carries or implies a guarantee of the supplier or of the Insured, or exclusive and/or secret formulas that may be involved in any loss hereunder, and shall retain control of all such goods.

On shipments covered under this insurance, Insurers are to pay a total loss on any and all goods and/or packaging damaged by risks insured against, which the Insured elects to either destroy or return to their factory, or recondition, Insurers being entitled to such salvage as may be obtained.

The Insured shall be the sole judge as to whether the goods involved in any loss hereunder are suitable for marketing and no goods deemed by the Insured to be unfit for marketing shall be sold or otherwise disposed of except by the Insured or with the Insured's consent, but the Insured shall allow Insurers any salvage obtained on any sale or other disposition of such goods.

Certificates of Insurance

It is agreed to issue "Payable Abroad" and/or "Payable London" Certificates of Insurance on any format, Insurers paying the fee and cost subject to the following:

"The Institute Clauses referred to herein are those current at the inception of this Contract but should such Clauses be revised during the period of this Contract, and provided that Insurers shall have given notice thereof, in accordance with the cancellation provisions herein, then the revised Institute Clauses shall apply to risks attaching subsequent to the date of expiry of the said notice"

Insurers agree to issue certificates via the Lloyd's Electronic Cargo Certificates system in accordance with its terms and conditions of use and further agree to be bound, subject to Contract terms and conditions, for their respective shares by such certificates. Insurers further agree to pay their respective shares of the costs incurred from the use of the Lloyd's Electronic Cargo Certificates system in relation to this Contract. The Insured hereunder acknowledges Lloyd's Electronic Cargo Certificates system declarations as validly made against this Contract and agrees to pay premiums due under this Contract resulting from such declarations.

Civil Authority Clause

Notwithstanding anything contained in this Contract, it is understood and agreed that property which is insured under this Contract is also covered against the risk of damage or destruction by civil authority during a conflagration or for the purpose of retarding the same; provided that neither such conflagration nor such damage or destruction is caused or contributed to by War perils elsewhere excluded herein.

Concealed Damage Clause

It is agreed that any loss or damage discovered on opening containers, cases and/or packages shall be deemed to have occurred during the transit insured hereunder (and irrespective of attachment of Insured's interest) and shall be paid for accordingly unless proof conclusive to the contrary be established, it being understood that any containers, cases and/or packages showing signs of damage are to be opened immediately on the cessation of risk hereunder.

Container Clause

Notwithstanding anything contained herein to the contrary where cargo, insured hereunder, is carried in containers, it is agreed, as between the Insured and Insurers, that the seaworthiness and/or cargo-worthiness of the container is hereby admitted.

It is agreed that this Contract is also to pay for shortage of contents (meaning thereby the difference between the number of packages as per shippers and/or suppliers invoice and/or packing list loaded or alleged to have been laden in the container and/or trailer and/or vehicle load and the count of packages removed therefrom taken by the Insured and/or their agent at time of container emptying) notwithstanding that seals may appear intact, and/or any other loss and/or damage including but not limited to cargo and/or container sweat, howsoever arising.

Customs and/or Immigration Authority Inspection(s)

This insurance is also specially to cover (notwithstanding the War Exclusion Clause contained herein) physical loss of or damage to the subject-matter insured arising out of the performance of inspection duties by the relevant Customs and/or Immigration Authorities or another duly constituted governmental agency of any State or Territory who are performing inspection duties in accordance with any governmental law, statute, mandate, rule or regulation covering the import or export of said subject-matter into or from the applicable State or Territory, or covering whilst said subject-matter is passing through such State or Territory prior to coming within the jurisdiction of the State or Territory of destination.

Debris Removal Clause

This insurance is extended to cover, in addition to any other amount recoverable under this insurance, extra expenses reasonably incurred by the Insured for the removal and disposal of debris of the subject-matter insured, or part thereof, by reason of damage thereto caused by an insured risk, but excluding absolutely

- 1) any expenses incurred in consequence of or to prevent or mitigate pollution or contamination, or any threat or liability therefor.
- 2) the cost of removal of cargo from any vessel or craft.

In no case shall the insurers be liable under this Clause for more than 10% of the proportionate insured value under this Contract of the damaged subject-matter removed.

Deductible Clause

All claims for loss, damage or expense resulting from any one occurrence or series of occurrences arising out of one event, shall be adjusted as one claim, and from the amount of such adjusted claim there shall be deducted:

- i) the sum of USD 25,000 (or equivalent in any other currencies) except as follows:
- ii) the sum of USD 10,000 (or equivalent in any other currencies) in respect of loss, damage or expense occurring during transit including during storage and/or other stoppages incidental to transit.

Notwithstanding the foregoing, claims recoverable under the American Institute Cargo Clauses (unamended), the American Institute War, the American Institute Strikes and General Average, Salvage and Sue and Labour Charges shall be payable in full.

No deductible to apply to warehouseman's legal liability.

The Insured is granted the authority to issue Certificates of Insurance without reference to any deductible or deductibles incorporated under this insurance, for letter of credit purposes. Insurers to settle any recoverable claim in full but Insurers hereon to be reimbursed by the Insured for all claims, up to the amount of said deductible or deductibles, paid by the Insurers which fall within the applicable deductible or deductibles. It being further agreed that any additional costs incurred in respect of settlement of CPA claims to be borne by Insurers.

In the event of loss or damage involving more than one location, conveyance or deductible under the Contract in one event, only one deductible shall apply, and the largest applicable deductible shall be assessed against the entire loss.

In respect of losses occurring at locations which are covered for property damage/business interruption under the Insured's property/business interruption Insurance Contract(s) pro rata of deductible shall apply in accordance with pro rata of quantum of the entire loss (stock, property and business interruption).

Deliberate Damage Pollution Hazard Clause

This Contract is extended to cover loss of or damage to the subject matter insured hereunder directly caused by governmental authorities acting for the public welfare to prevent or mitigate a pollution hazard or threat thereof, provided a recoverable claim would have resulted under the Contract (subject to all its terms, conditions and warranties) had the subject matter insured sustained physical loss or damage as a direct result of the accident or occurrence which gave rise to the threatened pollution hazard.

This clause shall not increase the Limits of Liability provided for in this Contract.

Difference in Limit and/or Conditions Clause

With respect to goods and/or merchandise and/or property purchased by The Insured on C.I.F. or similar terms, where transit insurance is arranged by the seller or others, this insurance is extended to cover the difference in the terms, conditions and warranties between the terms, conditions and warranties of such other insurance and the terms, conditions and warranties of this insurance, if the goods and/or merchandise and/or property would otherwise have been insured hereunder.

All goods and/or merchandise and/or property insured under this Clause shall be valued as per the valuation provisions set forth elsewhere in this Contract.

It is noted and agreed that where the Insured is obliged by legislation or otherwise to arrange transit insurance locally, it shall continue to have the full benefit and protection of this insurance for any difference between this insurance and the terms, conditions and warranties in the insurance arranged elsewhere.

It is agreed that nothing in this Clause shall be construed to extend the obligation of Insurers to pay more than the limit(s) of liability set forth elsewhere in this Contract.

It is clarified and agreed that option remains with the Insured for provisions of the "Good Purchased by The Insured on Insured or delivered Terms Clause to be applied as required.

Demurrage / Late Return Charges

If the Insured is required by the actions of Insurers or their Agents or Surveyors to hold onto any property leased or hired by the Insured for the purpose of the carriage or the storage of the subject-matter insured hereunder and if the Insured is assessed a late return penalty and/or demurrage charge for holding said property passed the due return date, these Insurers will pay the late return penalties and/or demurrage charges as a consequence of such late return.

The amount these Insurers will pay shall be the charges assessed from the time the Insured is required to hold onto said property until the time the Insured is informed that the property can be released. Coverage under this clause is separate from and in addition to the limits of liability provided elsewhere herein.

Duration of Cover Clause

The insurance hereunder attaches from the time the subject matter becomes at the Insured's risk or the Insured assumes interest anywhere in the world and continues whilst the subject matter is in transit including by slow steaming and/or in store or elsewhere including during delays within or beyond the Insured's control and including whilst held as stock (onshore or offshore) including whilst at retail stores, showrooms and auction centres and/or undergoing processing, assembly, manufacture, renovation, reconditioning, servicing or repair and/or on exhibition, whether or not in the course of transit, and further including any interest held for the purpose of packing and/or preparation and/or consolidation and/or deconsolidation and until finally delivered to intended final destination and/or the Insured's responsibility ceases anywhere in the world, irrespective of terms of purchase and/or sale.

Including risks in customs and transshipment, craft and barge risks, whether customary or otherwise.

Further including the risks of loading prior to despatch and unloading after arrival at Insured's or consignee's premises, including containers and/or contents where covered hereunder.

With respect to storage risks provided hereunder it is understood and agreed that claims, if any, for loss or damage which are discovered after inception date be recoverable hereunder unless it can be clearly established that such loss or damage occurred prior to inception of cover hereunder.

Expediting cost

Where there is loss, damage, general average, salvage and/or special charges which are, or will be, the subject of a claim under this Contract, and The Insured considers it necessary to forward replacements and/or replacement parts by means other than the means by which the original shipment was dispatched, Insurers will pay the reasonable expediting costs so involved in addition to the underlying claim.

Extra Expense Clause

Notwithstanding anything herein to the contrary this insurance is also to indemnify the Insured for up to USD1,000,000 each and every loss and in the aggregate per annum in respect of additional expenses incurred by the Insured in attempting to prosecute an intended voyage covered hereunder whether such attempt may ultimately prove successful or otherwise (including but not limited to extra chartering costs and/or storage costs and/or transshipment costs and/or guarantees and all other forwarding costs including by any alternative means of conveyance) as a result of one or more of the following occurrences:

- (a) the vessel and/or conveyance on which the cargo is being carried or is intended to be carried being arrested, restrained (including but not limited to restriction of access to port(s) and/or place(s) of loading and/or discharge and/or any other area in-between), detained and/or otherwise delayed for any time period and as a result of any reason whatsoever, excluding however financial default and/or insolvency of the Insured.
- (b) the Cargo being forcibly discharged from the vessel and/or conveyance as a result of any reason whatsoever, excluding however financial default and/or insolvency of the Insured.
- (c) loss of, mechanical breakdown of, or damage to the hull, machinery (including electrical machinery and boilers) and/or equipment of the vessel and/or conveyance on which the cargo is being carried or is intended to be carried
- (d) the vessel and/or conveyance on which the cargo is being carried or is intended to be carried encountering or having to divert to avoid adverse weather conditions of any description including but not limited to heavy weather.
- (e) when the subject matter insured is not delivered to the destination contemplated due to circumstances beyond the control of the Insured.

The coverage afforded hereunder is in addition to the Sum Insured and/or Limits of Liability herein furthermore, in no case shall this clause be deemed to limit in any way cover otherwise provided for elsewhere in this insurance.

Fumigation Clause

In the event of goods insured herein being fumigated and loss and/or damage arises therefrom (including loss or damage to the goods arising out of fumigation of any vessel, wharf, warehouse or any other storage facility, location or carrying conveyance in or on which the goods are, will be or have been located) and subject to such fumigation having been required by properly constituted authorities, Insurers agree to indemnify the Insured for such loss and/or damage. The Insured hereby agree to subrogate to Insurers any recourse that they may have for recovery of such loss or damage from others.

It is further understood and agreed that in the event of goods insured under this Contract being wetted while in transit or while under the protection of insurance as provided in this contract and the quality of the goods is thereby affected, the extra expenses of drying will be reimbursed by Insurers provided always that the insuring conditions applying to the goods or shipment involved include water damage as an insured peril.

Fraudulent Documents

This Contract covers physical loss of or damage to goods and/or merchandise insured hereunder through the acceptance by the Insured and/or their Agents and/or Shippers of fraudulent shipping documents, including but not limited to Bill(s) of Lading and/or Shipping Receipt(s) and/or Messenger Receipt(s) and/or Warehouse Receipts and/or other shipping document(s)

This Contract is also to cover physical loss of or damage to goods insured caused by utilisation of legitimate Bill(s) of Lading and/or other shipping documents without the authorisation and/or consent of the Insured or their Agents and/or Shippers.

General Average Clause

This insurance covers general average and salvage charges, adjusted or determined according to the contract of affreightment and/or the governing law and practice (or, if there is no contract of affreightment, according to Foreign Statement or to York-Antwerp Rules) incurred to avoid or in connection with the avoidance of loss from any cause except those specifically excluded herefrom.

For the purpose of claims for general average contributions and salvage charges recoverable hereunder, the subject-matter insured shall be deemed to be insured for its full contributory value.

General average deposits shall be payable on production of general average deposit receipts.

Goods Purchased by the Insured on Insured or Delivered Terms

Where goods are purchased on terms whereby the Insured are not responsible for insurance, such goods shall be covered hereunder on the normal Cover Conditions.

In all such cases the Insurers will be subrogated to all rights and remedies of the Insured under the contract of purchase and/or insurance provided by the supplier and in no case shall this insurance contribute in double insurance, including any increased value.

Increased Value on Arrival Clause

On Increased Value of Cargo as described herein (whether such cargo is insured herein or otherwise) by reason of liability for and/or payment of freight and/or duty and/or levy and/or any charges on arrival at the place where these or any of them become due or otherwise.

This Contract covers all the risks and embodies all the liberties clauses and conditions of the insurance on the cargo referred to above and is to be for the duration of such insurance on such cargo.

This Contract is to pay the same proportion of the amount of insurance hereunder as the sum paid on the cargo insurance referred to above bears to the amount of such cargo insurance except that until the liability to pay freight and/or duty and/or levy and/or charges arises this Contract only covers particular and/or general average loss (other than liability for general average expenditure) of the cargo referred to above.

Should the liability to pay freight and/or duty and/or levy and/or charges be extinguished or diminished, then this insurance in the proportion of such extinction or diminution shall be deemed to be reduced.

Also including the Insured's liability for the payment of duty, following loss of or damage to the insured Interest recoverable hereunder, to the Authority of any country through which the Interest may pass prior to coming within the jurisdiction of the country of destination.

Institute Clauses

The Institute Clauses referred to herein are those current at the inception of this Contract but should such Clauses be revised during the period of this Contract, and provided that Insurers shall have given notice thereof, in accordance with the cancellation provisions herein, then the revised Institute Clauses shall apply to risks attaching subsequent to the date of expiry of the said notice.

Insurable Interest Clause

Notwithstanding that the interest insured hereunder may be purchased on "Free on Board" and/or "Cost and Freight" and/or "Free Along Side" or similar terms, it is agreed that the risk hereunder shall attach from the time of handling for the purposes of loading onto the carrying vehicle at the Suppliers Premises; Insurers being subrogated to the Insured's rights of recourse against the suppliers and/or any other interested parties.

Notwithstanding that the interest insured hereunder may be sold "CIF (Cost, Insurance and Freight) Port of Discharge", or similar terms, it is agreed that cover continues through to Buyer's inland destination. Insurers to be subrogated to the Insured's right of recourse against the consignees and/or their Insurers.

In no case shall this clause be deemed to limit in any way cover otherwise provided for elsewhere in this insurance.

In no case shall this insurance contribute in double insurance.

With respects to the coverages provided in the contract, whether they be contingent, extended or otherwise, the insurable interest of the Insured is admitted at all times.

Interruption of Transit of Damaged Goods

It is agreed that goods taken out of the ordinary course of transit upon the instructions of surveyors appointed by or on behalf of these insurers for the purposes of establishment of loss or damage, shall be covered, subject to original terms and conditions applying to such shipment.

ISM and/or ISPS Provisions

1. In no event shall this Insurance be prejudiced where the subject-matter insured is shipped on a Vessel and/or Conveyance in breach of the SOLAS Convention 1974 as amended.
2. This insurance is extended to reimburse the Insured, up to the limit of the sum insured for the voyage, for any extra charges properly and reasonably incurred in unloading, storing and forwarding the subject-matter to the destination to which it is insured hereunder or to a substitute destination or until returned to the point of shipment, all at the Insured's election, following release of cargo from a vessel arrested and/or detained and/or restrained (including but not limited to restriction of access to port(s) and/or place(s) of loading and/or discharge and/or any other area in-between) at or diverted to any other port or place where the voyage is terminated due either

(a) to such vessel not being certified in accordance with the ISM and/or ISPS Code.

Or

(b) to a current Document of Compliance (ISM) not being held by her owners or operators

as required under the SOLAS Convention 1974 as amended.

This clause, which does not apply to General Average or Salvage or Salvage Charges, is subject to all other terms conditions and exclusions contained in the Contract.

Knowledge of the Insured

It is agreed that knowledge of the Insured shall in all circumstances be deemed to occur only when it becomes known to the Directors and/or officers of the Insured.

Labels Clause

In case of damage affecting labels, capsules or wrappers the Insurers, if liable therefor under the terms of this Contract, shall not be liable for more than an amount sufficient to pay the cost of new labels, capsules or wrappers, and the cost of reconditioning the goods, but in no event shall the insurers be liable for more than the insured value of the damaged merchandise.

Letter of Credit Clause

Notwithstanding the conditions of the Contract it is agreed that Certificates and/or Policies may be issued hereunder to enable the Insured to comply with the insurance requirements of any letter of Credit and/or Sales Contract concerned, provided the cover required is not wider than that provided by the current Contract Wording. In the event that wider coverage is required, prior agreement of Insurers is to be obtained, such agreement being subject to the payment of any Additional Premium which may be required.

It is also agreed that regardless of the conditions on which any Certificates and/or Policies may be issued pursuant to the foregoing, the Insured named herein shall continue to enjoy the full protection of this Contract.

Local Insurance

It is noted and agreed that where the Insured or any of their associated, subsidiary or affiliated Companies are obliged by legislation or otherwise to insure locally, they shall continue to have full benefit of the protection afforded by this Contract.

It is also agreed that following the payment of a claim hereunder, the Insurers shall be subrogated to all rights and remedies of the Insured (as above defined) under such local insurance and in no case shall this insurance contribute in double insurance.

Location Definition

For the purposes of this Contract "Location" is defined as any building, tank, silo, dock, wharf, pier, bulkhead (or groups thereof) bounded on all sides by public streets or open waterways or open land space, each of which shall be not less than fifty feet wide, (for the purposes of this definition any bridge or tunnel crossing such street or waterway or open space shall render such separation inoperative), unless equipped with fire wall and/or doors or other approved method whereby buildings and/or areas on either side are currently designated as separated fire areas by qualified and/or recognised fire surveyors). Each separate fire area is deemed to be a separate location for the purpose of this insurance.

Notwithstanding anything contained in the above to the contrary, it is expressly noted and agreed that each Section (including but not limited to Sections 01-24 and Section 99) at 913 Bridge Street and/or at 301 Bridge Street is deemed a separate location hereunder.

Machinery

In case of loss or damage to any part of a machine or other article, consisting when complete for sale or use of several parts, Insurers (if liable therefore under the terms of this Insurance) shall only be liable for the proportion of the insured value applicable to the part or parts lost or damaged or, at the Insured's option, for the cost and expense of replacing, duplicating, assembling and repairing the part or parts lost or damaged (including forwarding charges via any means of conveyance) and labour and installation charges necessary to restore the damaged machine or article to its condition at time of shipment.

Non-admitted Insurance - Tax Clause

In the event of a loss payable under this Contract to a foreign subsidiary of the Insured, where it is not legally permissible to pay the claim in the country of loss, it is agreed that the Insurers will pay the Insured the income tax the Insured must pay on the recovered claim.

No Survey Clause

No survey required on claims unlikely to exceed USD 25,000 net of any applicable deductible which may appear herein, or equivalent in any other currency. Customs and/or landing account, where available, to be deemed sufficient proof of loss.

Notice of Loss

Loss or damage which may become a claim under this Insurance shall be advised to Insurers as soon as practicable after it becomes known to the Insurance Risk Manager. Failure of the Insured to report said loss or damage within a reasonable time shall not invalidate any claims under this insurance.

Other Insurance

Notwithstanding that a third party may have arranged insurance covering the Insured's goods and/or merchandise with or without the Insured's instructions to so insure, at the sole option of the Insured, the Insured may deem this Contract to be primary insurance with full rights of subrogation against any such other insurance to be maintained. In no case shall this insurance contribute in double insurance.

Package Clause

It is understood and agreed that should outer packing be damaged from any cause which renders interest unfit for on-shipment or distribution, irrespective of final destination shown herein, Insurers to pay the cost of reasonable repacking expenses, provided such damage occurred during the currency of this Insurance.

Packing Clause

In the event of a claim being made for loss or damage which is alleged to be caused by insufficiency or unsuitability of packing or preparation of the subject matter insured, the Insurers hereby agree that they will not use such alleged insufficiency or unsuitability as a defence against the claim in any case where packing or preparation was carried out by a party other than the Named Insured and the insufficiency or unsuitability arose entirely without the Named Insured's privity or knowledge. For the purpose of this clause "packing" shall be deemed to include stowage in a Container and/or other similar inter-modal methods of unit load.

It is further agreed that where packing or preparation is undertaken by the Insured, Insurers accept such packing or preparation as sufficient or suitable to protect subject-matter insured against loss or damage and further agree to waive rights of subrogation against the Insured.

This agreement is not to interfere with rights of Subrogation against sellers and/or packers and/or other responsible third parties and/or their Insurers, furthermore the Insured agrees to assist the Insurers in all respects to pursue rights of recovery.

Pairs And Sets Clause

It is understood and agreed that the loss of any insured item consisting of an article in a pair or set shall be deemed a total loss of such pair or set provided always that in the event of Insurers hereon paying a total loss in such circumstances, the other article or articles constituting the pair or set shall become their property.

Partial Loss Clause

Claims hereunder are to be adjusted on a salvage loss basis.

At Insured's option, in lieu of a salvage adjustment, in case of partial loss by perils insured against, the proportion of loss shall be determined by a separation of the damaged portion of the insured property from the sound and by an agreed estimate (by survey) of the percentage of damage of such portion or, if such agreement is not practicable, then by public sale of such damaged portion for the account of the owner of the property and by comparison of the amount so realised with the sound market value.

Payment on Account Clause

The Insurers hereunder agree that where claim papers submitted demonstrate that only the quantum of the claim is in question, they will make a "payment on account" equal to 75% of the lower of the amounts claimed and agreed to by Insurers.

Process Clause

This Insurance specifically covers the Insured whilst during any Process which is defined as manufacture, blending, mixing, packing, production and processing. Subject to USD 1,000,000 in the annual aggregate.

Profit Commission Clause

Insurers shall allow the Insured in respect of each annual period of this Insurance a commission of 15% of the profit as defined hereunder accruing to the Insurers from the operation of this Insurance.

Credit: 70% of gross premiums paid hereon, after deduction of all return premiums.

Debit:

1. Claims and expenses less refunds and salvage recoveries,
2. Estimated liability in respect of claims outstanding, and
3. Debit balance, if any, as ascertained from the Profit Commission statement of the previous period.

The excess of Credit over Debit shall represent the profit.

Within six months of the close of each annual period, Lloyd & Partners Limited shall produce a Statement detailing the items set out above which to apply separately in respect of sections herein detailed.

In the event of the statement showing an excess of debit over credit such remaining debit shall be brought into the statement of the ensuing period or periods but not beyond the statement for the third annual period from which the loss occurred.

In the event of claims being settled or recoveries effected after a Profit Commission has been paid in respect of the period to which such claims or recoveries attach, the Profit Commission shall be subject to further readjustment.

Radioactive Contamination Exclusion Clause (USA Endorsement)

This insurance (reinsurance) is subject to the Institute Radioactive Contamination, Chemical, Biological, Bio-Chemical and Electromagnetic Weapons Exclusion Clause Cl.370 dated 10/11/03 provided that

if fire is an insured peril

and

where the subject matter insured or, in the case of a reinsurance, the subject matter insured by the original insurance, is within the USA, its islands, onshore territories or possessions

and

a fire arises directly or indirectly from one or more of the causes detailed in sub-clauses 1.1, 1.2, 1.4 and 1.5 of the Institute Radioactive Contamination, Chemical, Biological, Bio-Chemical and Electromagnetic Weapons Exclusion Clause Cl.370 dated 10/11/03.

any loss or damage arising directly from that fire shall, subject to the provisions of this insurance (reinsurance), be covered, excluding however any loss damage liability or expense caused by nuclear reaction nuclear radiation or radioactive contamination arising directly or indirectly from that fire.

Released Bill of Lading

Privilege is hereby granted to the Insured to ship goods and merchandise covered by this Contract under released or limited bills of lading, express receipts or shipping receipts and to accept other usual contracts from carriers, bailees and warehousemen releasing or limiting their liability, without prejudice to this insurance.

Returned Shipments Clause

Shipments upon which delivery to the consignee cannot be accomplished because of refusal of acceptance and which are returned for this or any other reason are covered while at risk of the Insured until sold or otherwise disposed of, subject to cover terms, clauses and conditions.

Risks Covered

Without limitation to coverage otherwise provided for herein the following perils clause is incorporated herein:-

Touching the adventures and perils which the Insurers are contented to bear and do take upon themselves in this voyage, they are of the seas and inland waters, men-of-war, fire, enemies, pirates, rovers, thieves, jettison, letters of mart and countermart, surprisals, takings at sea, arrests, restraints and detainments of all Kings, Princes and People of what nation, condition or quality soever, barratry of master and mariners, and of all other like perils, losses or misfortunes that have or shall have come to the hurt, detriment or damage of the said goods and merchandises and ship, or any part thereof.

Sanction Limitation and Exclusion Clause (JC2010/014)

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

Seller's Interest Clause

This Insurance is to indemnify the Insured for loss and/or damage recoverable under the conditions and clauses herein on Cost and Freight (CFR), Free on Board (FOB) or other sales for which the Insured is not responsible for insurance and/or as a vendor in a credit transaction.

Claims under this Clause are limited to the extent that the Buyer fails to pay for lost and/or damaged goods and/or refuses the goods and/or the documents of title thereof; the goods thus deemed to remain the property of and/or at the risk of the Insured and therefore covered in accordance with the primary coverage herein, subject to all its terms, clauses, limitations and exceptions.

Insurers agree to supply General Average Guarantees or refund General Average Deposits.

Shipments Clause

Shipments are covered hereunder whether containerised or otherwise and whether on deck or under deck irrespective of Bill of Lading instructions. Including jettison and loss overboard.

Subrogation Waiver Clause

Including waivers of subrogation against the Insured as defined herein and/or any party to whom such a waiver is given by the afore-mentioned in the course of their business.

Where the Insured are obliged as the result of subrogation proceedings on the part of cargo Insurers to indemnify third parties and/or defend themselves against third party claims, such amount that the Insured are obliged to pay and/or all related costs of defence shall be reimbursed by the Insurers hereunder.

The Insured is not to be prejudiced by the presence of the negligence clause and/or latent defect clause in the bill(s) of lading, charter party, contract of carriage or other contract.

The seaworthiness of the vessel, as between the Insured and Insurers, is hereby admitted, and the wrongful act or misconduct of the ship-owner, charterer or carrier, or their servants causing loss, damage or expense shall not defeat recovery under this Contract, if the loss, damage or expense in the absence of such wrongful act or misconduct would have been a loss, damage or expense recoverable under this contract.

Sue and Labour

It is agreed that in case of actual or imminent loss, damage, cost or expense, it shall be lawful and necessary for the -Insured, their Factors and Assigns, to sue, labour and travel for, in and about the defence, safeguard and recovery of the interests insured hereunder, or any part thereof, or to incur such other expenses as are reasonable and/or necessary for the purpose of reducing or attempting to reduce any potential loss or liability under this Contract without prejudice to this Insurance, and subject always to the terms, conditions, limitations and exclusions of this Insurance, the charges thereof shall be borne by the Insurers. It is further agreed that no acts of the Insurers or the Insured in recovering, saving or preserving the interests insured shall be considered as a waiver or acceptance of abandonment. The Insurers hereon agree to pay the charges described above in addition to amounts otherwise recoverable hereunder, subject however to the applicable limits of this insurance as contained herein or endorsed hereto, which would operate so as to restrict the amount of such charges payable by the Insurers hereon.

Termination of Transit Clause (Terrorism)

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.

1. Notwithstanding any provision to the contrary contained in this Contract or the Clauses referred to therein, it is agreed that in so far as this Contract covers loss of or damage to the subject-matter insured caused by any terrorist or any person acting from a political motive, such cover is conditional upon the subject-matter insured being in the ordinary course of transit and, in any event, shall terminate:

either

- 1.1 As per the transit clauses contained within the Contract,

or

- 1.2 on delivery to the Consignee's or other final warehouse or place of storage at the destination named herein,
- 1.3 on delivery to any other warehouse or place of storage, whether prior to or at the destination named herein, which the Insured elect to use either for storage other than in the ordinary course of transit or for allocation or distribution,

or

1.4 in respect of marine transits, on the expiry of 60 days after completion of discharge overside of the goods hereby insured from the oversea vessel at the final port of discharge,

1.5 in respect of air transits, on the expiry of 30 days after unloading the subject-matter insured from the aircraft at the final place of discharge,

whichever shall first occur.

2. If this Contract or the Clauses referred to therein specifically provide cover for inland or other further transits following on from storage, or termination as provided for above, cover will re-attach, and continues during the ordinary course of that transit terminating again in accordance with clause 1.

For the purpose of establishing the attachment point of "ordinary course of transit" as referenced in the Termination of Transit Clause herein, it is hereby noted and agreed by Insurers that this is deemed to be :-

from the time the goods leave the warehouse or place of storage at the place of origin, but in respect of bulk liquids shall be as the subject-matter insured leaves tanks for the purpose of loading at the place of origin.

Translation of Claims Documentation

Where documents necessary for the collection of a claim hereunder are submitted in a language other than English, Lloyd & Partners are authorized to secure translations of such documents as Insurers consider essential and shall be deemed to have been instructed by Insurers hereunder to do so. Costs for such translations shall be deemed to be for Insurers account.

Vermin Damage

This insurance covers damage directly caused by rats or vermin to the interest at the risk of the Insured.

Warehouseman's legal liability

Where insurance is effected by owner(s), and/or consignee(s), this insurance shall not be considered as concurrent therewith; However, it is agreed that the insurance hereunder covers the legal or assumed liability of The Insured as, insurers, bailees, custodians or otherwise for physical loss or damage to such cargo/property of others. This Insurer shall defend in the name and on behalf of The Insured any suit against The Insured, even though groundless, to recover loss or damage insured against hereunder.

General Contract Provisions

The Insured shall not be prejudiced by any unintentional delay or omission in the reporting, where specified herein, of risks attaching hereto or any unintentional error in the amount or description of such risks including but not limited to the subject matter insured, conveyance, voyage or location, or if the subject matter of the insurance be shipped by any other conveyance, if notice be given to the Slip Leader as soon as practicable after said facts become known to the Insured and deficiency of premium, if any, made good.

Where a loss occurs and there has been a breach of an Express Warranty and/or Condition Precedent relative to matter before the happening of loss, which breach would otherwise disentitle the Insured to recover under this insurance, the breach shall not disentitle the Insured to recover if the Insured establishes that the loss was not caused or contributed to by the breach of warranty or condition.

Insurers hereon agree to provide bail and/or salvage guarantees in respect of cargo proportions applicable hereto, including all salvage agreements as well as Lloyd's Open Form. Insurers hereon are deemed to have signed relevant 'short form' counter guarantee, when required to whichever bonding company and/or guarantor is acceptable to the salvors and/or their legal representatives.

Insurers hereon agree that the language of this Contract is the language of Insurers.

It is hereby noted and agreed by Insurers that where instructions to bind coverage are received in the offices of Lloyd & Partners Limited and/or Rutherford International prior to inception, then Insurers agree coverage is automatically bound on terms, clauses and conditions as contained herein.

It is hereby noted and agreed that permission is granted to the Insured to purchase insurance in excess of loss of the Limits of Liability provided for hereunder, with premium payable on amounts hereto. The Limits of Liability provided for hereunder operating on a first loss basis accordingly.

Insurers hereon agree that the titles to the clauses contained in this Contract are inserted solely for convenience of reference and shall in no way be taken by Insurers as limiting the provisions to which they relate.

It is agreed that Limits of Liability hereon apply separately to Increased Value.

Institute Marine Policy General Provisions (Cargo) Cl.269 dated 01/10/82.

Institute Radioactive Contamination, Chemical, Biological, Bio-Chemical and Electromagnetic Weapons Exclusion Clause Cl.370 dated 10/11/03 as amended by the Radioactive Contamination Exclusion Clause (U.S.A. Endorsement).

Choice of Law and Jurisdiction:

LMA Rules Clause

This Contract shall be subject to the applicable state law to be determined by the court of competent jurisdiction as determined by the provisions of the Institute Service of Suit Clause (U.S.A.) Cl.355 1.11.92.

Premium/Rates:

Notwithstanding anything contained herein to the contrary and irrespective of the coverage provided for hereunder, whether primary, contingency or difference in conditions in nature, unless expressed otherwise herein, the consideration for this insurance shall be as follows:

In full non-adjustable premium of USD 110,000. per annum which deemed allocated as follows:-

Transit Premium: USD 8,300

Stock Premium: USD 101,700

The above premium/rate is inclusive of War and Strikes Risks.

US Terrorism Risk Insurance Act of 2002 (TRIA) as amended by the US Terrorism Risk Insurance Extension Act of 2005 (TRIEA), the US Terrorism Risk Insurance Program Reauthorisation Acts of 2007 and 2015 (TRIPRA)

TRIA 2002 as amended (coverage for acts of terrorism not already included in this insurance contract): **Additional Annual Premium USD 10,170** or pro rata for time on risk LMA 9104 dated 12/01/15.

In the event that the Insured elects to purchase TRIA 2002, as amended, cover in accordance with the foregoing, LMA 5218 dated 12/01/15 2015 is deemed incorporated hereunder.

In the event that the Insured declines to purchase TRIA 2002, as amended, cover in accordance with the foregoing, LMA 5219 dated 12/01/15 is deemed incorporated hereunder.

Insured's option as above is to be notified to the slip leader.

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TRIA 2002, as amended, (coverage for acts of terrorism already included in this insurance contract: **Annual Allocation USD...1,000,000**..... (being a portion of the premium already stated in this insurance contract), LMA 9105 dated 12/01/15 .

Nothing in the forgoing shall act to limit and/or restrict coverage which may be otherwise provided for elsewhere in this insurance contract.

**Payment
Terms:**

The Insured undertakes that premium will be paid in full to Insurers within sixty days of inception of this Contract (or, in respect of instalment premiums, when due).

If the premium due under this Contract has not been so paid to Insurers by the sixtieth day from the inception of this Contract (and, in respect of instalment premiums, by the date they are due) Insurers shall have the right to cancel this Contract by notifying the Insured via the broker in writing. In the event of cancellation, premium is due to Insurers on a pro rata basis for the period that Insurers are on risk but the full Contract premium shall be payable to Insurers in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this Contract.

It is agreed that Insurers shall give not less than 15 days prior notice of cancellation to the Insured via the broker. If premium due is paid in full to Insurers before the notice period expires, notice of cancellation shall automatically be revoked. If not, the Contract shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Insurer (and Agreement Parties if appropriate) are authorised to exercise rights under this clause on their own behalf and on behalf of all Insurers participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Insurers will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

In respect of "Declaration" based contracts only it is noted and agreed that for premium payment purposes hereunder the deemed instalment due date as above is to be taken as 30 days from the date of declaration submission to Lloyd & Partners.

**Taxes Payable by
the Insured and
Administered by
Insurers:**

This insurance is subject to the following taxes which are payable by the Insured and administered by Insurers.

None.

**Recording,
Transmitting
And Storing
Information:**

Where Lloyd & Partners maintains risk and claims data/information/documents Lloyd & Partners may hold data/information/documents electronically.

**Insurer Contract
Documentation:**

This document details the contractual terms between the contracting parties, and constitutes the contractual document.

Any further documentation changing this contract, agreed in accordance with the contract change provisions set out in this contract, shall form the evidence of such change.

This Contract has been arranged by Lloyd & Partners (a trading name of JLT Specialty Limited).

If this contract is subject to US state surplus lines requirements. It is the responsibility of the surplus lines broker to affix a surplus lines notice to the contract document before it is provided to the Insured. In the event that the surplus lines notice is not affixed to the contract document the Insured should contact the surplus lines broker.

Form: Market Reform Contract.

Information

Information made available to and seen by all subscribing Insurers hereon includes the following:

Lloyd and Partners understand the following from e-mail received from their principals on 28th March, 2017 at 14:46 and 17:53 as follows:-

Attached **Underwriting Submission** consisting of:-

- 1) Actual Inventory Values as February, 2017 (**1 page**) showing grand Total USD 170,998,350. Whereby it is further noted and understood as follows:-
 - a) China has reduced their order for purchase of leaf by 45% for the 2017 crop. As such, Insured have reduced their planned purchase by 40%.
 - b) Existing average inventory levels are down by 26% over same time last year.
 - c) Estimated average inventory values for 2017 are down from USD 135M to USD 100M.
 - d) Significant amount of current 2016 crop leaf inventory being shipped to China March/April 2017.
 - e) Insured made small acquisition in November 2016 of King Maker Marketing, Inc. King Maker was an importer / manufacturer with four product brands that has a grandfather exemption from the Master Settlement. The four King Maker Marketing cigarette brands are Ace Checkers, Gold Crest and Hi-Val. King Marker has been fully integrated into the Premier's operations. USFC will produce improved blends and manufacture King Maker products in the Timberlake facility.
 - f) Overall exposures are down 23%.
- 2) **Projected Average Inventory (1 page)** showing the expected U.S Tobacco average values for 2017/18 as USD 100,000,000. It is also noted that, Green Tobacco purchased at the marketing centers will be shipped via common carrier to the new Green Storage Warehouse in Timberlake, NC adjacent to the processing / manufacturing facility to be graded. Average values at this location are expected to be USD 15,000,000 but could peak at USD 30,000,000 in late September or October.
- 3) **Big South Distribution, LLC (1 page)**
- 4) **Premier Manufacturing, Inc and Franchise Wholesale (1 page)**
- 5) **U.S. Tobacco Insurance Specifications (10 pages)**

Which seen and noted by Insurers accordingly.

GJL/FB2/4 April 2017/DC1703690DZG

Statistics

Insured:

	Premium Nett Less Refunds	Claims Paid Less Recoveries	Claims Outstanding
2011	85,102	NIL	None Advised
2012	93,000	NIL	None Advised
2013	97,650	NIL	None Advised
2014	83,700	NIL	None Advised
2015	97,875	NIL	None Advised
2016	97,875	NIL	None Advised
Total(s)	555,202	NIL	None Advised

Dated: 3rd April, 2017 (The statistical information "as at" date).

Source of Information: Lloyd & Partners, *Claims Business Unit*, as generated from the BFE processing system.

Unless expressed otherwise, all figures are in USD, and exclude taxes.

Security Details

Insurer's Liability: Insurer's liability several not joint

The liability of an Insurer under this contract is several and not joint with other Insurers party to this contract. An Insurer is liable only for the proportion of liability it has underwritten. An Insurer is not jointly liable for the proportion of liability underwritten by any other Insurer. Nor is an Insurer otherwise responsible for any liability of any other Insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by an Insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is an Insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other Insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

Proportion of liability

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each Insurer (or in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each Insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred.

Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should read as a reference to contracts in the plural.

Order Hereon: 100.00% part of 100.00% of the Limits of Liability

**Basis Of
Written Lines:** Percentage of Whole.

**Signing
Provisions:** In the event that the written lines hereon exceed 100% of the order, any lines written "to stand" will be allocated in full and all other lines will be signed down in equal proportions so that the aggregate signed lines are equal to 100% of the order without further agreement of any of the Insurers.



However:

- a) in the event that the placement of the order is not completed by the commencement date of the period of insurance then all lines written by that date will be signed in full;
- b) the signed lines resulting from the application of the above provisions can be varied, before or after the commencement date of the period of insurance, by the documented agreement of the (re)insured and all Insurers whose lines are to be varied. The variation to the contracts will take effect only when all such Insurers have agreed, with the resulting variation in signed lines commencing from the date set out in that agreement.

Written Lines



In a co-insurance placement, following insurers may, but are not obliged to, follow the premium charged by the lead insurer.

Insurers may not seek to guarantee for themselves terms as favourable as those which others subsequently achieve during the placement.

21.739%  $\frac{24}{54}$ $\frac{17}{17}$  AEGIS
AES 1225
1 7 N 2 0 3 1 9 B A V X
LINE TO STAND
cargo@aegislondon.co.uk

AGREE DECLARATION TO RATHER THAN
FACILITY 78.261%

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25.04.17
 

Subscription Agreement

Slip Leader: AES Lloyd's Syndicate 1225

**Basis of
Agreement to
Contract
Changes:**

General Provisions

Subject to the GUA (Version 2.0 February 2014) incorporating GUA Marine Cargo Schedule (April 2013) Insurers hereon agree to the signing of a copy of this M.R.C. document and to take down additional premiums, return premiums, non-premium endorsements and claims on photo-copies thereof.

Insurers also agree to accept claims and/or refunds and the figures presented for profit commission calculations and premium adjustments on each annual slip policy without sighting the relative declarations and/or certificates on the understanding that **Lloyd & Partners** will retain such declarations as received on file for sight by Insurers if so requested.

Any declarations and/or additional and/or return premium agreements within the terms of this cover or in respect of which the requisite agreement has been obtained are acceptable to Insurer(s) hereon for presentation to Xchanging Ins-Sure Services Limited without having to be further initialled by Slip Leader prior to such presentation and Xchanging Ins-Sure Services Limited are instructed to accept such declarations or additional and/or return premium agreements as presented.

All claims for loss will be settled, upon receipt of legible copy and/or photocopy documents, including but not limited to bills of lading and survey reports, it being understood and agreed that the Insured will use their best endeavours to furnish whatever original documents may be required for subrogation purposes.

However, where a certificate of insurance has been issued, no claim will be settled without production of the original, or the claimant's signature to a letter of indemnity.

In addition to amounts as recoverable elsewhere herein, Insurers agree, subject to prior written agreement of Slip Leader, Insurers will pay all fee, costs or expenses (whether such fees, cost and expenses be for legal accounting or other services) incurred by the Insured in establishing the existence or amount of any actual or potential loss as may be recoverable by the contract

It is understood and agreed that the subscribing Insurers hereto will follow the slip leader in all matters pertaining to the provision of bail and/or salvage guarantees in respect of cargo proportions applicable hereto, including all salvage agreements as well as Lloyd's Open Form.

Signing endorsements to be agreed by Slip Leader only.

**Other Agreement
Parties For Contract
Changes, For Part 2**

GUA Changes Only: Slip leader only to agree part two changes

**Agreement Parties
For Contract Changes
For Their Proportion
Only:**

None

**Basis of Claims
Agreement:**

Claims to be managed in accordance with:

- i) The Lloyd's Claims Scheme (Combined), or as amended or any successor thereto.
- ii) IUA claims agreement practices.
- iii) The practices of any company(ies) electing to agree claims in respect of their own participation. Where they are not the Contract Leader, such companies agree to follow all settlements of the Contract Leader (other than Ex Gratia settlements).

**Claims Agreement
Parties:**

- i) For Lloyd's syndicates

The leading Lloyd's syndicate and, where required by the applicable Lloyd's Claims Scheme, the second Lloyd's syndicate and/or the Scheme Service Provider.

The second Lloyd's Syndicate is (where this is left blank but a second Lloyd's syndicate is required by the applicable Lloyd's Claims Scheme, the second Lloyd's syndicate appearing in the Security Details Section will take this role)

- ii) Those companies acting in accordance with the IUA claims agreement practices, excepting those that may have opted out via iii below.
- iii) Those companies that have specifically elected to agree claims in respect of their own participation.

- iv) All other subscribing insurers that are not party to the Lloyd's/IUA claims agreement practices, each in respect of their own participation. Where they are not the Contract Leader, such companies agree to follow all settlements of the Contract Leader (other than Ex Gratia settlements).

Claims**Administration:**

Current XIS / XCS claims procedures where applicable.

**Rules and Extent
of any other
Delegated Claims
Authority:**

Lloyd & Partners have full authority to settle claims of up to USD 100,000 or the equivalent in any other currency provided they are satisfied that the claim falls within the scope of the Contract, and Insurers agree settle upon receipt of a claim adjustment signed by any one of the following individuals at Lloyd & Partners:

Garry Cordess

Kevin Rimmer

Jared Prince

Adrian Leonardi

**Expert Fees
Collection:**

Lloyd & Partners to collect fees applicable to Lloyd's, IUA and LIRMA markets, unless collectable via XIS 'Expert Fees Scheme'. Non bureau insurers will be presented with expert fee invoice by Lloyd & Partners, but will settle directly with expert.

**Settlement Due
Date:**

60 days from inception

**Instalment Premium
Period of Credit:**

Where applicable, 60 days from each instalment date.

**Adjustment Premium
Period of Credit:**

Where applicable, 120 days from anniversary date.

**Bureau
Arrangements:**

Lloyd & Partners to present de-linked signings to Xchanging Ins-Sure Services Limited where possible.

If instalment premiums are applicable, first instalment to be signed as original premium and subsequent instalments to be signed as additional premiums. (Please note PANS for the a.p.s. will be expressed as PM closings as they are part of the original premium payment).

Non-Bureau
Arrangements: None

Fiscal and Regulatory

Taxes Payable by Insurers: None.

Country Of Origin: U.S.A.

Overseas Broker: **Rutherford International**
Thomas Rutherford Inc
Suite 800
1001 Haxall Point
Richmond
VA 23219 USA

US Classification: Non-Regulated
(For Lloyd's use only)

Allocation of Premium to Coding: V
8T (TRIA) (as applicable)

Regulatory Client Classification: Large Risk

Is Business Subject to Distance Marketing Rules? No

Broker Remuneration and Deductions Section

**Fee Payable
By The Client?** No

**Total
Brokerage:** Less 27.50%
Plus 1.5% Subscription Market Brokerage

**Other Deductions
From Premium:** None.

Claims Procedure

For Insurer's information; the Insured and Lloyd & Partners have established the following claims handling procedure which does not add to, amend, nor negate any of the terms and conditions of this insurance.

1. In the event of Loss or Damage:

The Insured / Claimants should notify

Lloyd & Partners
The St Botolph Building
138 Houndsditch
London
EC3A 7AW

Telephone: +44 (0)20 7466 6500

Fax number: +44 (0)20 7466 6565

Contacts	Direct Tel	Mobile	E-mail
Garry Cordess	+44 (0)20 7558 3012	+44 (0)7747 485103	Garry_Cordess@JLTGroup.com
Kevin Rimmer	+44 (0)20 7558 3023	+44 (0)7920 575698	Kevin_Rimmer@JLTGroup.com
Jared Prince	+44 (0)20 7558 3082	+44 (0)7506 741024	Jared_Prince@JLTGroup.com
Kevin Hanrahan	+44 (0)20 7558 3018	+44 (0)7904 875220	Kevin_Hanrahan@JLTGroup.com
Adrian Leonardi	+44 (0)20 7558 3021	+44 (0)7768 790003	Adrian_Leonardi@JLTGroup.com

The following information should be provided as applicable:

- 1.1 Vessel Name / Conveyance.
- 1.2 Bill of Lading (or similar) Number and Date.
- 1.3 Port of Loading and Port of Discharge.
- 1.4 Warehouse Name / Location.
- 1.5 Holding Certificate(s), Receipt(s) or Warrants.
- 1.6 Description of the subject matter insured.
- 1.7 Subject matter Location, Name of Contact, Phone Number, E-mail address.
- 1.8 Brief circumstances of loss

2. Procedure:

Immediately inspect the consignment on delivery and do not give a clean signature for the goods unless they are outwardly undamaged. Failure to do so may prejudice your claim.

Ensure that any notice of any loss or damage is given to any or all third parties involved in the transit in writing immediately you are aware of a potential loss. Failure to do so may prejudice your claim.

Do not destroy any packing materials used. These may be required by the surveyor to establish where and how a loss occurred.

3. Documents

The list below includes all documents and information customarily required to ensure the efficient processing of a claim, through to settlement:

- 3.1 All claims require
 - 3.1.1 Purchase and or sales Invoices / Contracts.
 - 3.1.2 Copies of the Bill of Lading (front and reverse conditions) or similar. In the event of a total loss originals will be required.
 - 3.1.3 Copies of the Charter Party where relevant.
 - 3.1.4 Survey Report (where a surveyor has been assigned by Insurers).
 - 3.1.5 Original Insurance Certificates, if one was issued, or Insurance Declaration.
 - 3.1.6 A copy of correspondence holding third parties responsible for the loss, together with any subsequent replies.
 - 3.1.7 Independent evidence of loss.

In addition:

Shortage Claims

- 3.2 Shortage claims require evidence of when the loss occurred and the weights, usually by way of:
 - 3.2.1 Weight note / Loading report.
 - 3.2.2 Out-turn / discharge report and or claused delivery receipt.

Damage and/or Contamination Claims

- 3.3 Damage and/or contamination claims require evidence of where the damage occurred, what action was taken, details of the cost involved. Usual documents are:
 - 3.3.1 Out-turn / discharge report.
 - 3.3.2 Reconditioning report / invoice.
 - 3.3.3 Invoice evidencing any salvage sale, or destruction certificate.
 - 3.3.4 Moisture / quality certificates, if available and or applicable.

Storage and/or Warehouse losses

- 3.4.1 Warehouse / storage receipts.
- 3.4.2 Any subsequent inventory / independent inspectors reports.
- 3.4.3 A copy of contract with warehouse facility / storage operators.

4. General Average

In the event of General Average being declared by the Shipowners, they will usually require security to cover the G.A. Contribution payable by cargo interests before they will agree to discharge the cargo at the port of destination.

To avoid any delay in discharge, Insurers will on request, agree to the provision of the necessary General Average security.

Upon learning of the request for General Average Security the following details should be notified immediately to the Claims Unit of Lloyd & Partners, contact details as above:

- 4.1 Vessel and casualty details
- 4.2 Voyage
- 4.3 Description of Cargo and Bill of Lading No. and Date
- 4.4 Insured Value and/or Invoice Value (CIF)
- 4.5 Name of Average Adjusters appointed by Shipowners

Shipowners normally require in addition to Insurers' Guarantee a General Average Bond and Valuation Form to be completed, signed and sent to the Shipowners or Adjusters by the Cargo Owners.

On occasions, Shipowners will not accept an Insurers' Guarantee but insist on cargo owners paying a Cash Deposit (providing the amount called for is reasonable). In exchange for the payment, cargo owners should obtain an original General Average Deposit Receipt, and then this document should then be forwarded to the Claims Unit of Lloyd & Partners, who in turn will approach Insurers for prompt settlement of the Deposit amount.

5. Salvage

In the event of the carrying vessel requiring the services of a Salvage Company to safeguard the completion of the intended voyage, it is again essential to advise immediately Lloyd & Partners of all casualty details as soon as they are known.

Insurers instructions regarding appointment of Surveyors and/or Legal Representatives will be advised by return.

Salvage Security will in most circumstances be demanded by the Salvors or their legal representatives. The most common form being "Lloyd's Open Form" of Salvage Agreement, which calls for satisfactory security to be provided.

The casualty details required by Lloyd & Partners are the same as in cases of General Average Security. Upon receipt of same, Lloyd & Partners will be pleased to make the necessary arrangements.

The name of Salvor's legal representative would also be required to minimise any delays.

6. Duty of Insured

It is important that the Insured/Claimants should be aware of their own, and their Agent's duty under the Contract, to take such measures as may be reasonable to avert or minimise loss, and to ensure all Insurers' rights of recourse against responsible third parties (e.g Suppliers / Shipowners / Receivers) are properly protected.

It should be noted that provided the expenses are reasonably and properly incurred, and are also, as a result of the operation of an insured peril, then such expenses would be for Insurers' account.

If Insured/Claimants are in any doubt whatsoever that they are unable to comply or require advice how to proceed, with this duty they should immediately contact Lloyd & Partners.

7. Certificates of Insurance

Where Certificates of Insurance are required and issued, the Claimants should follow the instructions thereon with regard to filing claims against Insurers.

8. Claims Services

Notification and Assessment

Claims should be notified to us (or to Insurers if the Contract provides for direct notification to them) promptly. If you have a third party claim we would advise you not to compromise that claim or admit liability until you have Insurers' approval to do so. You should observe all conditions in your Contract relating to the reporting and handling of claims – failure to do so may well lead to your claim not being paid. Details of claims which are notifiable under the terms of the insurance should be advised to us as your agent without delay, unless the insurance requires claims to be notified directly to the Insurer(s) or to another party. Upon our receipt of a claim notice from you, we will undertake an assessment of that claim. If we consider that notice of the claim is not required or if the notification appears deficient in any way, we will promptly explain to you the position and seek your further instructions.

Subject to the preceding paragraph, we will notify the participating Insurer(s) of the claim in a timely fashion and, where applicable, confirm to you in writing when such notification has been made. We will then promptly communicate to you any information, comments or advices, received from the Insurer(s), in relation to the claim notice(s).

Negotiation and Settlement

We will diligently pursue settlement and, where agreed with the Insurer(s), the collection of any claim under the insurance and seek to secure the fullest recovery possible within the terms, conditions and limitations of the insurance. We will not compromise the amount of any claim settlement without your prior approval. Where applicable, we will provide you with written confirmation of the acceptance of the claim and the amount of settlement agreed by the Insurer(s).

It is stated that these notes are intended only as an *aide memoire* and do not profess to be an exposition of Marine Insurance or Law. When in doubt assistance should be sought from Lloyd & Partners (Claims Unit).



Insurance specifications for
U. S. TOBACCO COOPERATIVE, INC.
April, 2017

Stock Throughput Insurance
April 30, 2017 to April 30, 2018



History

U. S. Tobacco Cooperative, Inc. was established in 1946 as Flue-Cured Tobacco Cooperative Stabilization Corporation. Tobacco farmers in the states of Florida, Georgia, North Carolina, South Carolina, and Virginia established the cooperative, widely known as Stabilization, both to administer the price support program of the Federal Tobacco Program, and to sell member-farmers' tobacco to buyers around the world. USTC has four subsidiaries, Tobacco Growers Services, Inc., U.S. Flue-Cured Tobacco Growers, Inc., Big South Distribution, LLC and Premier Manufacturing, Inc.

In 1967 Tobacco Growers Services, Inc. was formed by the purchase of Brown Tobacco Company for the purpose of providing the Cooperative processing, re-drying and storage capability. Today TGS operates two Tobacco warehousing locations in Fuquay Varina, NC.

In 2000, Stabilization contributed \$26 million to help administer an industry-wide effort to assist flue-cured tobacco farmers in converting their curing barns with equipment to reduce tobacco-specific nitrosamines.

In 2001, the first two tobacco Marketing Centers were created because the direct contracting of tobacco from the manufacturers with the farmers threatened the traditional tobacco auction system. Today most Flue Cured Tobacco grown in the United States is grown under contract for various manufacturers and leaf dealers including Flue Cured.

In 2002, with the realization that the Federal Tobacco Price Support Program would terminate, Stabilization began the investigation into the feasibility of cigarette manufacturing and other future business opportunities to protect farmer-members.

In the summer of 2004, Vector Tobacco's manufacturing facility was purchased by Stabilization. This state of the art facility continues to provide Stabilization with leaf processing and cigarette manufacturing capacity in Timberlake, North Carolina. The facility was renamed for the subsidiary created to operate it: U.S. Flue-Cured Tobacco Growers, Inc.

The Federal Tobacco Price Support Program ended in October, 2004 by President George W. Bush signing FETRA into law.

With the end of price supports, a new beginning for U. S. Tobacco Cooperative and tobacco buyers began with the 2005 crop year. This produced a more competitive world market for flue-cured tobacco growers in the United States. Buyers worldwide found lower prices on flue-cured tobacco from the United States, widely considered the finest in the world. U. S. Tobacco member-farmers celebrated the end of quotas which limited the tobacco acreage they could plant.

In May 2011, U.S. Tobacco completed the purchase of Big South Distribution of Bristol, Virginia. They saw Big South as an opportunity to expand their marketing into new regions

In October 2011, U.S. Tobacco purchased Premier Manufacturing, Inc. and its subsidiary Franchise Wholesale Co. Located in St. Louis, Missouri, Premier is a manufacturing company with four product brands and has a grandfather exemption from the Master Settlement

Agreement. U.S. Flue-Cured Tobacco Growers, Inc. has produced Premier's cigarettes since 2006. Franchise Wholesale, a cigarette distributor, was affiliated with Premier and was part of the purchase. Franchise is located in Omaha Nebraska.

In November 2016 Premier Manufacturing, Inc. purchased King Maker Marketing, Inc. King Maker was an importer/manufacturer with four product brands that has a grandfather exemption from the Master Settlement. The four King Maker Marketing cigarette brands are Ace®, Checkers®, Gold Crest®, and Hi-Val® at this time. King Marker has been fully integrated into Premier's operations. USFC will produce improved blends and manufacture King Maker products in their Timberlake facility.

Operations

Today U. S. Tobacco is still a cooperative of tobacco farmers from Florida, Georgia, North Carolina, South Carolina, and Virginia, with a 400-year tradition of growing tobacco. However, today they are a fully integrated Leaf Merchant with significant Cigarette Manufacturing capacity.

With the end of price supports, flue-cured tobacco from the United States is competitively priced with any full-flavored tobacco in the world. U. S. Tobacco's, advantage is that their customers are buying directly from the tobacco farmer, so there's no middleman mark-up.

U. S. Tobacco contracts with member farmers (approximately 700) to purchase various grades of flue cured Tobacco. Depending on the quality of the crop and price, additional Tobacco may be purchased. The contracted tobacco is purchased at the Marketing Centers, graded and then shipped to Timberlake for processing. After processing, the "flue-cured strips" are shipped to the storages in Fuquay Varina or depending on the customer's choice of product (cut rag blended and flavored, expanded stem or toasted burley), the "strips" may be further processed at the Timberlake facility before shipping to storages. U. S. Tobacco also processes the "stem" into an "expanded stem" product which is used as a filler by the various manufacturers.

The cigarette manufacturing operation is a "Master Settlement Agreement" compliant manufacturer and has been primarily a contract operation for various manufacturers. U. S. Tobacco simply produces cigarettes based on the specifications of the customer. Flue Cured has sold a "roll your own" cigarette product under the brand name of 1839. They also have developed and introduced two premium cigarettes under the brand name 1839 brand.

Please visit U. S. Tobacco's website at <http://www.ustobaccofarmer.com>.

General Terms and Conditions-

Applicable to all Coverages Unless Otherwise Stated

Named Insured(s)	U.S. Tobacco Cooperative, Inc. Tobacco Growers Services, Inc. U.S. Flue Cured Tobacco Growers, Inc. Big South Distribution, LLC Premier Manufacturing, Inc. Franchise Wholesale Company, LLC d/b/a Wildhorse Distributing King Maker Marketing, Inc.
Address	1304 Annapolis Drive Raleigh, NC 27608
Insurance Term	April 30, 2017 to April 30, 2018
Extended Cancellation Clause	Extend the standard clause to ninety (90) days advance written notice of cancellation, material change, or non-renewal - except for non-payment of premium.
Knowledge of Occurrence-Auto Liability/General Liability	Knowledge of an occurrence by the agent, servant or employee of the Insured shall not in itself constitute knowledge by the insured unless any executive officer of the Insured's corporation shall have received such notice from its agent, servant or employee.
Unintentional Errors and Omissions - Auto Liability/General Liability	Provides the following agreement: Failure of the Insured(s) to disclose all hazards existing as of the inception date of this policy shall not prejudice the Insured(s) with respect to the coverage afforded by this policy provided such failure of any omission is not intentional.
Notice of Occurrence-Auto Liability/General Liability	Reporting an occurrence to the Workers' Compensation carrier which later develops into a Liability claim constitutes proper reporting. Failure to report such occurrence to the company at the time of occurrence shall not be deemed in Violation of Conditions A-1 entitled "Your Duties After Accident of Loss" provided, however, that the insured will immediately give notice as soon as it is made aware of the loss.

Coverage conditions are highlights only and are subject to exclusions and additional terms as stated within the policy. Not all exclusions, terms and conditions are shown. If there are any differences between the policy and the proposal, the policy prevails. For details of coverage, refer to policy forms.

Tobacco Floater/Ocean Cargo

Insurer(s)	TBD ----- 100%
Reference Number	TBD
Named Insured	U S Tobacco Cooperative, Inc. Tobacco Growers Services, Inc. U.S. Flue-Cured Tobacco Growers, Inc., Big South Distribution, LLC, Premier Manufacturing, Inc., Franchise Wholesale Company, LLC d/b/a Wildhorse Distributing, King Maker Marketing, Inc. and its Subsidiary, Associated, Affiliated and Interrelated Companies, and Joint Ventures in which it has now or hereafter may have a direct or indirect insurable interest and other entities for whom they, or any of them, may have instructions to insure or deem themselves responsible to insure.
Coverage	Ocean Cargo, warehouse to warehouse, inventory storage, inland transit, cargo/warehousemen's liability
Perils Insured	Risks of direct physical loss or damage to property covered subject to policy conditions and exclusions
Valuation	<p>Goods and/or Merchandise and/or Property IN Transit</p> <p>Invoice plus all charges not included in such invoice, including any prepaid or advanced or guaranteed freight, if any, plus 10% until declared and then at the amount declared provide such declaration is made prior to any known or reported loss or accident, but in no event to be less than foregoing.</p> <p>In the absence of an invoice, goods and/or merchandise and/or property shall be valued at the sound market value at destination on the date of shipment less any charges saved;</p>

Cargo – Continued

Valuation - Continued

LOCATION/WAREHOUSE:

Leaf Tobacco including processed and semi processed tobacco in various form and finished goods including cigarettes located at the Timberlake manufacturing facility and distribution locations shall be valued at selling price as evidenced by records of the Insured excluding taxes.

Goods and or merchandise located at Big South Distribution and Premier Manufacturing, Inc, and Franchise Wholesale Company, LLC d/b/a Wildhorse Distributing shall be valued at selling price including any federal, state and local taxes.

Leaf Tobacco in various forms at all other locations shall be valued at selling price as evidenced by records of the Insured or actual cash value at the time of loss whichever is greater.

Containers, packing materials, and any other goods and/or merchandise and/or property shall be valued at replacement cost.

CARGO/WAREHOUSEMAN'S LEGAL LIABILITY:

Goods and/or merchandise and/or property shall be valued at the amount for which the Insured is legally or contractually liable but not to exceed replacement cost of the goods and/or merchandise and/or property insured hereunder.

Insuring Conditions

• COVERAGE:

- Against All Risks of Physical Damage from any external cause except those risks as may be excluded by F.C. & S. and S.R & C.C. warranty.
- S.R & C.C. Endorsement Form 10
- War cover on marine shipments

• DIC/DIL:

- CIF goods where transit is arranged by seller or buyer

• Special Exclusion:

- Terrorism to goods in storage
- Chemical, Biological, Electromagnetic Injury

• Reporting:

- At policy anniversary the Insured will report their actual monthly inventory at all locations and pay premium on the average of the values at risk.

Cargo – Continued

Goods Insured

- Upon lawful goods and/or merchandise suitably packed for transit, consisting principally of but not limited to, leaf tobacco, cigarettes, tax stamps, blended rag tobacco, tobacco seed, fertilizer, container or packing materials, cigarette manufacturing equipment, and other goods and/or merchandise and/or property incidental to the business of the Insured and including prepaid freight, advanced freight, guaranteed freight, and freight payable "vessel lost or not lost" under or on deck, shipped by or consigned to the Insured, its agents or others;
- The Insured's own goods and/or merchandise and/or property;
- Goods and/or merchandise and/or property of others in which the Insured may have an interest including all interests handled by the Insured in the course of their business or in the care, custody and control of the Insured;
- Goods and/or merchandise and/or property of others which the Insured agrees or receives instructions to insure;
- Furniture, fixtures, machinery and any other equipment incidental to operations at temporary auction centers. Coverage applies for such furniture, fixtures, machinery, and equipment while in transit to and from and while situated at such locations.
- Electronic Data Processing or Data Control Equipment, Media and/or Records and/or Valuable Papers, Furniture, Fixtures, Machinery and Equipment are insured only while in due course of transit.

Geographical Limits

At and from ports and/or places in the world to and at ports and/or places in the world directly or via ports and/or places in any order, including the risk of transshipment by land, air, water, or otherwise.

Limits of Insurance

\$30,000,000

any one Vessel, Aircraft, Postal Sending, Conveyance, or any one loss any one Location and separately any one event in respect of warehouseman's legal Liability

Deductibles

- \$25,000 any one occurrence except
- \$10,000 any one loss while in Transit
- Notwithstanding the foregoing, the above deductibles shall not apply to Survey Fees, General Average, Salvage or Special Charges, loss, damage, or expense covered under the Sue and Labor clause and War Risks.
- In the event of a loss involving more than one deductible only the highest deductible will apply.

Cargo – Continued

Changes in terms for 2017 – 2018 Renewal

Add/Include Clause:**CONTROL OF DAMAGED GOODS AND/OR MERCHANDISE AND/OR PROPERTY:**

Notwithstanding anything to the contrary contained elsewhere in this Contract, it is understood and agreed that in the event of damage to goods insured under this Contract, The Insured shall retain control of all damaged goods. The Insured, however, agrees whenever practicable to recondition and sell such goods after removal of all brands and trademarks, This Insurer being entitled to the proceeds from such sale.

It is further agreed Insurers will be consulted and allowed to inspect any damaged goods prior to any disposal or sales of such property.

Where it is agreed by both The Insured and Insurers that the disposal or sale of such damaged goods is detrimental to The Insured's interest (or which The Insured will be unable to sell or dispose of under their agreement with any trade associations and/or customers) such damage will be treated as a constructive total loss, and the goods shall be destroyed in the presence of a representative of Insurers.

Add/Include Clause:**ERRORS AND OMISSIONS CLAUSE:**

The Insured shall not be prejudiced by any unintentional delay, error, omission or oversight in the reporting, where specified herein, of risks attaching hereto or any unintentional error in the amount or description of such risks including but not limited to the subject matter insured, conveyance, voyage or location or if the subject matter of the insurance be shipped by any other conveyance, if notice be given to the slip leader as soon as practicable after said facts become known to the insured and the deficiency of premium, if any, made good.

Add/Include Clause:**PAYMENT OF LOSS:**

All claims are to be paid to The Insured within thirty (30) days after satisfactory proof of loss has been filed with Insurers.

It is agreed that claims for loss of or damage to insured goods and/or merchandise and/or property and falling within the scope of this Contract which amount to less than **\$10,000** as adjusted, shall be paid by Insurers within 30 days following the submission of the following applicable supporting documents:

- (a) bill of lading or air waybill or warehouse receipt
- (b) commercial invoice
- (c) claim against carrier/warehouse/other responsible party
- (d) certificate of insurance if applicable or letter of indemnity
- (e) Any writing stating that a loss has occurred, e.g., (but without limitation) statement of claim from The Insured or its customer, or exceptions taken on delivery if included with original submission or customer credit memo.

Cargo – Continued

Amend/(Add) wording
to Clause:

GOODS PURCHASED BY THE INSURED ON INSURED OR DELIVERED TERMS:

Where goods purchased on terms whereby the Insured are not responsible for insurance, such goods shall be covered hereunder on the normal cover conditions, (including any increased value).

In all such cases the insured will be subrogated to all rights and remedies of the Insured under the contract of purchase and/or insurance provided by the supplier and in no case shall this insurance contribute in double insurance.

Amend/(Add) wording
to Clause:

KNOWLEDGE OF THE INSURED:

It is agreed that knowledge of the Insured in all circumstances be deemed only to occur when it becomes known to the Risk Manager (Directors and/or Officers of the Insured).

Amend/(Add) wording
to Clause:

SELLERS INTEREST CLAUSE:

This Insurance is to indemnify the Insured for loss and/or damage recoverable under the conditions and clauses herein on Cost and Freight (CFR), Free on Board (FOB) or other sales for which the Insured is not responsible for insurance and/or as a vendor in a credit transaction.

Claims under this Clause are limited to the extent that the Buyer fails to pay for lost and/or damaged goods and/or refuses the goods and/or the documents of title thereof; the goods thus deemed to remain the property of and/or at the risk of the Insured and therefore covered in accordance with the primary coverage herein, subject to all its terms, clauses, limitations and exceptions. Insurers agree to supply General Average Guarantees or refund General Average Deposits.

Amend/(Add) wording
to Clause:

SUBROGATION WAIVER CLAUSE

Including waivers of subrogation against the Insured as defined herein and/or any party to whom such a waiver is given by the afore-mentioned in the course of their business.

Where the Insured are obliged as the result of subrogation proceedings on the part of cargo Insurers to indemnify third parties and/or defend themselves against third party claims, such amount that the Insured are obliged to pay and/or all related costs of defense shall be reimbursed by the Insurers hereunder.

The Insured is not to be prejudiced by the presence of the negligence clause and/or latent defect clause in the bill(s) of lading, charter party, contract of carriage or other contract.

The seaworthiness of the vessel, as between the Insured and Insurers, is hereby admitted, and the wrongful act or misconduct of the ship-owner, charterer or carrier, or their servants causing loss, damage or expense shall not defeat recovery under this Contract, if the loss, damage or expense in the absence of such wrongful act or misconduct would have been a loss, damage or expense recoverable under this contract.

Cargo – Continued

**U.S. Tobacco
Exposures & Rates:**

- Estimated Monthly Average Inventory Value: \$100,000,000
Rate: TBD Premium:
- Estimated Monthly Average Inventory Timberlake: \$6,970,000
Rate: TBD Premium: \$TBD
- Contingent Ocean Cargo Coverage for "China" shipments
estimated at \$54,000,000 Rate TBD
- Other Ocean Cargo Shipments estimated at \$3,000,000 If Any
Rate TBD
- Total Premium: TBD
- Minimum and Deposit Premium: TBD

**Big South Exposures &
Rates:**

- Estimated Monthly Average Values including Tax Stamps at
Bristol, and Suwanee, GA: \$2,946,119 Rate: TBD Premium:
- Domestic Transit total values shipped estimated at
\$59,751,250 Rate TBD
- Total Premium: TBD
- Minimum and Deposit Premium: TBD

**Premier Mfg., Wild-
horse Dist. & King
Maker Exposures &
Rates:**

- Estimated Monthly Average Values including Tax Stamps at
St. Louis, MO, Papillion, NE and Las Vegas, NV: \$9,714,840
Rate: TBD Premium:
- Domestic Transit total values shipped estimated \$108,518,298
at Rate TBD
- Total Premium: TBD
- Minimum and Deposit Premium: TBD

Loss Information

Workers Compensation

Policy Period	# of Claims	Paid	Reserves	Total Incurred
04/30/14 to 04/30/15	7	\$37,500	\$84,042	\$121,542
04/30/13 to 04/30/14	7	\$40,493	\$0	\$40,493
04/30/12 to 04/30/13	5	\$8,372	\$0	\$8,372
04/30/11 to 04/30/12	8	\$2,791	\$0	\$2,791
04/30/10 to 04/30/11	12	\$162,958	\$0	\$162,958
04/30/09 to 04/30/10	6	\$23,231	\$0	\$23,231
TOTALS	45	\$275,345	\$84,042	\$359,387

Automobile Liability

Policy Period	# of Occur.	Paid	Reserves	Total Incurred
04/30/14 to 04/30/15	3	\$5,702	\$0	\$5,702
04/30/13 to 04/30/14	0	\$0	\$0	\$0
04/30/12 to 04/30/13	2	\$39,367	\$25,000	\$64,367
04/30/11 to 04/30/12	0	\$0	\$0	\$0
04/30/10 to 04/30/11	0	\$0	\$0	\$0
04/30/09 to 04/30/10	5	\$0	\$0	\$0
TOTALS	10	\$45,069	\$25,000	\$70,069

Automobile Physical Damage

Policy Period	# of Occur.	Paid	Reserves	Total Incurred
04/30/14 to 04/30/15	2	\$3,214	\$0	\$3,214
04/30/13 to 04/30/14	0	\$0	\$0	\$0
04/30/12 to 04/30/13	3	\$10,431	\$0	\$10,431
04/30/11 to 04/30/12	0	\$0	\$0	\$0
04/30/10 to 04/30/11	0	\$0	\$0	\$0
04/30/09 to 04/30/10	1	\$753	\$0	\$753
TOTALS	6	\$14,398	\$0	\$14,398

General Liability

Policy Period	# of Occur.	Paid	Reserves	Total Incurred
04/30/14 to 04/30/15	0	\$0	\$0	\$0
04/30/13 to 04/30/14	0	\$0	\$0	\$0
04/30/12 to 04/30/13	1	\$0	\$0	\$0
04/30/11 to 04/30/12	1	\$0	\$0	\$0
04/30/10 to 04/30/11	0	\$0	\$0	\$0
04/30/09 to 04/30/10	0	\$0	\$0	\$0
TOTALS	2	\$0	\$0	\$0

Loss Information – Premier Manufacturing

Automobile Liability

Effective Dates	Value Date	# of Claims	Paid	Reserve	Total
08/03/13 to 04/30/14	12/31/13	0	\$0	\$0	\$0
08/03/12 to 08/03/13	12/31/13	1	\$885	\$0	\$885
08/03/11 to 08/03/12	12/31/13	3	\$13,581	\$80,270	\$93,851
08/03/10 to 08/03/11	12/31/13	1	\$0	\$0	\$0
08/03/09 to 08/03/10	12/31/13	1	\$2,380	\$0	\$2,380

Automobile Physical Damage

Effective Dates	Value Date	# of Claims	Paid	Reserve	Total
08/03/13 to 04/30/14	12/31/13	4	\$4,480	\$0	\$4,480
08/03/12 to 08/03/13	12/31/13	7	\$13,684	\$0	\$13,684
08/03/11 to 08/03/12	12/31/13	7	\$14,014	\$0	\$14,014
08/03/10 to 08/03/11	12/31/13	4	\$2,605	\$0	\$2,605
08/03/09 to 08/03/10	12/31/13	4	\$10,030	\$0	\$10,030

Workers Compensation

Policy Period	# of Claims	Paid	Reserves	Expenses	Total Incurred
11/01/13 to 08/30/14	1	\$1,406	\$0	\$178	\$1,584
11/01/12 to 11/01/13	0	\$0	\$0	\$0	\$0
11/01/11 to 11/01/12	0	\$0	\$0	\$0	\$0
11/01/10 to 11/01/11	1	\$323	\$0	\$28	\$351
11/01/09 to 11/01/10	0	\$0	\$0	\$0	\$0

Loss Information - Continued

Account Loss History By Year

Start Yr Reported: 2010
Acct No: 39462



End Yr Reported: 2015
Prospect/Client Name: U.S. Tobacco Cooperative, Inc.

Year Rptd Occur Date	Loss No Loss Peril Name	Index No - Record No Loss Loc	City	State/Prov Claim Status	Loss Id Claim Id	P/T* Deductible Pct Participation	Total Pymts P/T* FM Loss
2010 05-Nov-2009	00426 Fire	080454.09-03 250 Crown Boulevard	Timberlake	NC Closed	97351 188466	\$10,000 100%	\$25,780
Sub Total for Year: 2010						1 Losses	\$25,780
2012 11-Feb-2012	00919 Wind and Hail	080454.09-03 250 Crown Boulevard	Timberlake	NC MO*	310051 408761	\$10,000 100%	\$0
Sub Total for Year: 2012						1 Losses	\$0
2013 25-Oct-2013	06061 Fire	080454.09-03 250 Crown Boulevard	Timberlake	NC Closed	331407 427595	\$10,000 100%	\$222,149
Sub Total for Year: 2013						1 Losses	\$222,149
Grand Total: 3 Losses							<u>\$247,929</u>

*FIO - Loss reported for information only. A claim was never established.

*MO - Claim has been closed as a Mark Off due to one of the following: No Liability, No Coverage, Less than Ded, Claim Cancelled, 3rd Party Paid.

P/T* Deductible = Sum of actual PD and TE deductibles applied to loss.

Total Pymts P/T* FM Loss = Sum of actual PD and TE payment amounts made against the loss.

Note - Monetary data is in USD equivalent and based on the exchange rate at time of loss or the negotiated exchange rate.

Payment data will not display for any payments made against losses/claims prior to year 2000.

**Open Loss; \$ not yet available

This report is provided to you for informational purposes only to reduce the possibility of loss to insured property by bringing to your attention certain potential hazards or conditions. Life, safety, or health issues are not addressed. You must make the decision whether to take any action. Affiliated FM undertakes no duty to you or any other party by providing this report or the activities on which it is based.

Report Data Source: CMS

1 of 1

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AGENCY



VISION, MISSION & VALUES

VISION

To be the world-class leader, revolutionizing
our industry and our clients' experience

MISSION

We create peace of mind by
passionately delivering
exceptional employee benefits
and risk management solutions,
committed to:

- Providing world-class
resources with local touch
- Servicing our clients,
colleagues,
carriers, and communities
- Acting with integrity and
respect

VALUES

- Integrity
- Collaboration
- Passion
- Innovation
- Accountability

<u>Alexandria, Virginia</u>	<u>Hampton Roads, Virginia</u>	<u>Philadelphia, Pennsylvania</u>	<u>KSPH</u>
5500 Cherokee Avenue	222 Central Park Avenue	1000 Continental Drive	4191 Innslake Drive
Suite 300	Suite 1340	Suite 450	Suite 211
Alexandria, VA 22312	Virginia Beach, VA 23462	King of Prussia, PA 19406	Glen Allen, VA 23060
+1 703 354 1616	+1 757 456 0577	+1 484 588 2090	+1 804 418 6290
<u>Atlanta, Georgia</u>	<u>Hampton Roads Bonding (HRB)</u>	<u>Raleigh, North Carolina</u>	<u>Roanoke, Virginia</u>
5555 Glenridge Connector	1080 Laskin Road	3101 Glenwood Avenue	Corporate Headquarters
Suite 600	Suite 204	Suite 105	One South Jefferson Street
Atlanta, GA 30342	Virginia Beach, VA 23451	Raleigh, NC 27612	Roanoke, VA 24011
+1 404 500 7730	+1 757 491 1100	+1 919 782 1840	+1 540 982 3511
<u>Strategic Benefit Solutions, Inc. (SBS)</u>	<u>Mobile, Alabama</u>	<u>Progressive Benefit Solutions (PBS)</u>	<u>Faulkner & Flynn, Inc.</u>
5555 Glenridge Connector	1 St. Louis Street	2443 Lynn Road	Environmental
Suite 600	Suite 3300	Suite 208	Management Consultants
Atlanta, GA 30342	Mobile, AL 36602	Raleigh, NC 27612	Liberty Trust Building
+1 404 500 7730	+1 251 545 3889	+1 919 781 4004	101 S. Jefferson Street
<u>Charlotte, North Carolina</u>	<u>Petersburg, Virginia</u>	<u>Richmond, Virginia</u>	2 nd Floor
6230 Fairview Road	8-D West Old Street	1001 Haxall Point	Roanoke, VA 24011
Suite 230	Petersburg, VA 23803	Suite 800	+1 540 985 9540
Charlotte, NC 28210	+1 804 780 0611	Richmond, VA 23219	
+1 704 365 6213		+1 804 780 0611	

	Selling Price Value
Projected Average Inventory	
Leaf Tobacco 4/30/2016 to 4/30/2017	\$135,000,000
Leaf Tobacco 5/1/2017 to 4/30/2018	\$ 100,000,000

				Year Ended 4/30/2017		Year Ended 4/30/2016	
U S Flue Cured Marketing Centers Operated July/Aug. - Oct./Nov. only				Season Total Throughput \$	Season Throughput Pounds	Season Total Throughput \$	Season Throughput Pounds
300 Watson Street	Nashville	GA	31639	\$ 4,143,285	2,081,530	\$8,320,000	4,160,000
901 NE Front Street	Mullins	SC	29574	\$ 16,838,938	8,593,022	\$26,026,000	13,013,000
3725 Oxford Loop	Oxford	NC	27565	\$ -	-	\$6,984,000	3,492,000
3175 South Bright Blvd.	Smithfield	NC	27577	\$ 16,798,050	8,557,827	\$25,880,000	12,940,000
1920 Black Creek Road	Wilson	NC	27894	\$ 11,960,793	6,240,578	\$24,368,000	12,184,000
	La Crosse	VA		\$ 6,260,952	3,224,124	\$0	0
	Kemersville	NC		\$ 2,969,821	1,534,665	\$0	0
1920 Farrior Ave. SE	Wilson	NC	27894	\$ -	-	\$0	0
1241 South Boston Road	Danville	VA	24540	\$ -	-	\$10,020,000	5,010,000
				\$ 58,971,839	30,231,746	\$101,598,000	50,799,000
Green Storage Locations							
250 Crown Boulevard	Timberlake	NC	27525				

Green Tobacco purchased at the marketing centers will be shipped via common carrier to the new Green Storage Warehouse in Timberlake, NC adjacent to the processing/mfg facility to be graded.

Average values at this location are expected to be \$15,000,000 but could peak at \$30,000,000 in late September or October.

U S Flue-Cured Tobacco Growers					
250 Crown Boulevard	Timberlake	NC	27525		
				FY2017	FY2016
Unprocessed Tobacco Average Value in Season				\$ 330,000	\$530,000
Finished Goods					
-Average "In Season"				\$ 6,640,000	\$7,300,000
Projected Average Inventory				\$ 6,970,000	\$7,830,000
Raw Materials, Work In Progress and finished Good-Cigarette MFG					

Actual Inventory Values as of February , 2017

				Current Utilization Sales \$ (Feb 2017)	Approximate Capacity of the Building Sales \$ (Feb 2017)
USTC Distribution Facility					
301 Bridge Street	Fuquay Varina	NC	27526		
Storage Code 2400	Warehouse 1			6,880,500	10,038,600
2400	2			6,997,600	10,038,600
2400	3			5,923,750	10,038,600
2400	4			1,578,850	10,038,600
2400	5			6,342,850	10,038,600
2400	6			4,390,100	10,038,600
2400	7			6,261,200	8,877,000
2400	8			6,692,050	9,827,400
2400	9			5,068,800	7,329,300
2400	10			11,043,500	13,424,400
Location Total:				61,179,200	99,689,700
USTC Distribution Facility					
913 Bridge Street	Fuquay Varina	NC	27526		
Storage Code 2400	Warehouse 11			8,811,000	10,718,400
2400	12			9,392,900	10,718,400
2400	13			304,700	2,029,500
2400	14			8,322,600	10,718,400
2400	15			8,993,600	10,718,400
2400	16			7,864,500	10,718,400
2400	17			8,321,100	10,718,400
2400	18			4,005,250	10,718,400
2400	19			9,082,700	10,718,400
2400	20			8,111,400	10,718,400
2400	21			0	10,718,400
2400	22			0	10,718,400
2400	23			0	10,718,400
2400	24			0	10,718,400
2400	99			939,400	0
Location Total:				74,149,150	141,368,700
Southern Storage Company					
701 Tarboro Street Annex SW # 3	Wilson	NC	27893		
Storage Code 0600	Warehouse 26			0	9,108,000
0600	32			0	9,108,000
0600	34			0	9,108,000
Location Total:				0	27,324,000
USTC Smithfield					
2816 South Brightleaf Blvd	Smithfield	NC	27577		
Storage Code 0600	Warehouse 60			0	24,288,000
Location Total:				0	24,288,000

U S Flue-Cured Tobacco Growers				
250 Crown Boulevard	Timberlake	NC	27583	6,970,000
800A Lewis Street	Oxford	NC	27585	11,240,000
Storage 5900				
913 Bridge Street	Fuquay-Varina	NC	27526	17,460,000
1444 Old Durham Road	Roxboro	NC	27573	0

Grand Total Inventory as of 2/28/2016 **170,998,350** 230,740,295
Estimated Feb. 2016

Current Utilization (lbs) (Feb 2017)	Approximate Capacity of the Building (lbs) (Feb 2017)
2,752,200	4,015,440
2,799,040	4,015,440
2,369,500	4,015,440
631,540	4,015,440
2,537,140	4,015,440
1,756,040	4,015,440
2,504,480	3,550,800
2,676,820	3,930,960
2,027,520	2,931,720
4,417,400	5,369,760
24,471,680	39,875,880
3,524,400	4,287,360
3,757,160	4,287,360
121,880	811,800
3,329,040	4,287,360
3,597,440	4,287,360
3,145,800	4,287,360
3,328,440	4,287,360
1,602,100	4,287,360
3,633,080	4,287,360
3,244,560	4,287,360
0	4,287,360
0	4,287,360
0	4,287,360
0	4,287,360
0	4,287,360
375,760	0
29,659,660	56,547,480
0	3,300,000
0	3,300,000
0	3,300,000
0	9,900,000
0	8,800,000
0	8,800,000

Note that the max capacity for WH13 changed this year due to the conversion to a dedicated tobacco inspection area.

Note that WH99 is tobacco that is currently in Oxford and will be moved here at the end of China shipping.

Capacity??

Big South Distribution, LLC

Locations	FY 16 Average Monthly Values		FY 17 Average Monthly Values	
320 Walling Rd Bristol, VA 24201	\$2,300,804 cigarettes \$212,849 tax stamps		\$1,831,204 \$186,850	
355 Brogdon Street, Suite 105-107 Suwanee, GA 30024	\$1,280,323 cigarettes \$0 tax stamps \$3,793,976		\$928,066 \$0 \$2,946,119	
Domestic Transit				
Shipments via Common Carrier		Average Value per Conveyance	Total Annual Shipping Values FY 16	FY 17
*Timberlake, NC (U S Tobacco) to Bristol, Tn		\$1,000,000	\$ 25,837,092	\$ 19,415,155 (5/1/16 - 1/31/17 purchases from Premier of \$14,561,366 annualized)
*Bristol, VA to Suwanee, GA		\$500,000 to \$1,000,000	\$ 18,822,752	\$ 16,574,916 (Transfers from 5/1/16 - 1/31/17 of \$12,431,187 annualized -see calculation below)
Shipment via insured fleet				
Bristol, VA to Customer via Big South Fleet		\$10,000 to \$250,000	\$ 7,669,868	\$ 6,732,255 (50% of sales from 5/1/16 -1/31/17 of \$10,098,383 annualized)
Suwanee, GA to Costomer via Big South Fleet		\$10,000 to \$250,000	\$ 19,292,918	\$ 17,028,924 (95% of sales from 5/1/16 -1/31/17 of \$13,443,887 annualized)
			\$ 71,622,630	\$ 59,751,250

*All Shipped via common carrier with motor truck cargo limits of \$1,000,000.

Premier Manufacturing, Inc. and Franchise Wholesale

Locations	FY 2016 Average Monthly Values	FY 2017 Average Monthly Values
629 Cepi Drive Chesterfield MO 63005	\$2,591,384 cigarettes, cigars, other \$0 tax stamps	\$4,133,165 \$0
Radford Group Warehouse 31 Plymouth Street Mansfield MA 02048	\$775,281 cigarettes, cigars, other \$0 tax stamps	\$708,592 \$0
713 N. Frontier Papillon, NE 68045	\$2,170,031 cigarettes, cigars, other \$645,129 tax stamps	\$2,081,989 \$681,462
4124 N. Pecos Road Las Vegas, NV 89115	\$2,093,407 cigarettes, cigars, other \$375,096 tax stamps	\$1,779,271 \$330,360
Total	<u>\$8,650,327</u>	<u>\$9,714,840</u>

Domestic Transit

All Shipments Common Carrier with \$100,000 Motor Truck Cargo Limit	Average Value per Conveyance	Total Annual Shipping Values	
Premier Manufacturing, Inc. Timberlake, NC (U S Tobacco) to St. Louis, MO	\$200,000 to \$600,000	FY 2016 \$22,500,000	FY 2017 \$30,382,120
Franchise Franchise Wholesale Company, LLC d/b/a Wildhorse Distributing Various Suppliers to Papillon NE	\$250,000 to \$700,000	\$35,000,292	\$35,939,633
Various Suppliers to Las Vegas, NV	\$500,000 to \$1,000,000	\$18,289,067	\$16,720,529
Papillon NE to Customer via Wildhorse Fleet	\$100,000 to \$250,000	\$17,061,097	\$17,395,474
Las Vegas, NV to Customer via Wildhorse Fleet	\$25,000 to \$100,000	\$8,805,573	\$8,080,542
		\$101,656,029	\$108,518,298

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